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NEWS SUMMARY

GENERAL

MPs' new session delayed

The Queen has agreed to postpone the State opening of the new parliamentary session by a week, to November 20.

The main reason which forced the Government to request the postponement is the unexpectedly determined opposition encountered in the Lords to the Land Bill. Page 8

Murder charges

Bruce George Lee, aged 20, was committed for trial at Rull, charged with murdering 23 people who died in fires.

Carter offer

President Carter offered to meet Iranian Prime Minister Ali Rajai in a fresh effort to free the American hostages in Iran. Mr. Rajai is in New York to put his country's case against Iraq at the UN.

China N-blast

China detonated a nuclear explosion in the atmosphere, the Energy Department said.

Shoplifting fine

Lady Isabel Barnett was found guilty at Leicester of shoplifting. She was fined £75 and ordered to pay £200 towards prosecution costs.

Death fall

An Italian cook who was transferred to a cleaning job after an outbreak of salmonella at a London children's hospital fell to his death from the building's eighth floor.

Ring case ends

Guth Milinaire, estranged wife of the Duke of Bedford's son, was found guilty in London of stealing a £5,000 ring to finance her "gambling addiction." She was sentenced to six months' imprisonment, suspended for two years.

Officials jailed

Four Government officials in the Soviet republic of Tadzhikistan were jailed for up to 15 years for drawing pensions for dead or non-existent people. The court case lasted a year.

Chilean killed

A former Chilean lawyer was found dead with stab wounds and his throat cut at his Kensington, London, flat.

Eight shot dead

Malaysian police shot dead eight members of a fanatical Muslim sect who stormed Bahu Bahu police headquarters armed with knives and pangangs.

£40,700 reward

Scotland's largest treasure hunt reward, £40,700, is to go to an Easter Ross man who found the country's most important Late Bronze Age gold hoard.

That's life

Esther Rantzen was arrested and charged with obstructing while filming for her BBC TV programme *That's Life* in Fulham, West London. She was asking people's opinion of fried and stewed bat.

On the ball

Soccer clubs are planning to get fast to matches by coach after British Rail's decision to halt Boxing Day trains.

Financial Times

The Financial Times apologises to readers who were unable to obtain a copy of the newspaper yesterday. There was a shortfall in production as a result of industrial relations problems.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

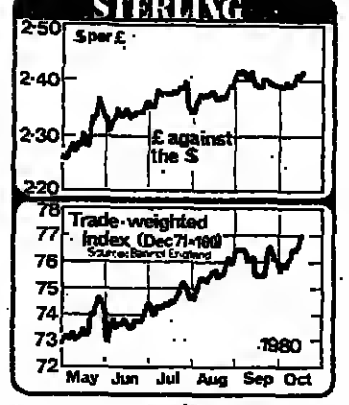
RISERS	
AGN Research	203 + 16
Amalgam (A)	111 + 1
Jardine	265 + 12
K.K. Fisheries	238 + 8
Security Securities	240 + 7
Mills & Allen	320 + 18
Bank Assets	671 + 3
Sound Diffusion	77 + 4
Standard Chartered	641 + 16
Telecom	105 + 10
Aspac	440 + 8
Conduct	274 + 16
Lytle Petroleum	750 + 50
Overseas	445 + 11
Overseas	395 + 14
Overseas Tin	650 + 300
Overseas	525 + 25

FALLS	
Treas. 11pc 2001-04	£804 - 1
Northwick (T)	36 - 3
General Accident	344 - 8
GKN	182 - 2
Hawker Siddeley	358 - 5
Lawrence Scott	60 - 4
Lucas Ind.	183 - 6
P. & O. Deft.	116 - 3
Skelly	340 - 7
Sumptex	350 - 15
Lawrence	110 - 10
Style Shoes	113 - 2
Lowell Plantations	378 - 7
Anglo Vaal	£20 - 1
President Broad	£312 - 14

BUSINESS

Sterling up 1 cent; gold off \$5

STERLING'S trade-weighted index rose to its highest closing



level for 51 years at 77.0 from 76.6. It closed at \$2.4175, a rise of one cent. Page 33

● DOLLAR improved again, finishing at DM 1.8285 (DM 1.8245). Its trade-weighted index was up from \$3.5 to \$3.7. Page 33

● EQUITIES gave ground following a more detailed look at the September trade figures. The FT 30-share index closed 5.1 down at 480.4. Page 40

● GILTS retreated slightly. The Government Securities Index was off 0.69 to 70.79. Page 40

● GOLD fell \$5 to \$673.5 in London. Page 33

● WALL STREET was up 7.85 to 980.29 near the close. Page 34

● BRITISH STEEL Corporation has won a \$5.8m order from British Petroleum for North Sea pipeline which could help BSC win the main pipeline order for a proposed \$1.1bn gas network. Back Page

● FIAT WORKERS failed to give convincing approval to the peace formula aimed at ending the five-week strike which has brought Italy's biggest motor manufacturer to a standstill. Back Page

● JAPAN AUTOMOBILE Manufacturers Association said it was willing to meet European motor manufacturers to discuss its exports to Europe. Back Page

● GOVERNMENT has decided against lifting its four-month moratorium on regional development grants. Back Page

● BRAZILIAN Government has approved a \$2.5bn (£1.04bn) iron ore project in the Carajas region of Para, Brazil. Back Page

● MORE OF Britain's top managers are receiving fringe benefits than in 1979 despite tax cuts, says a survey into executive salaries. Page 10

● INTASUN, Britain's third highest package tour operator, is to expand its air holidays abroad next summer by about 121 per cent over this year's total. Page 10

COMPANIES

● BANKAMERICA CORPORATION pushed up net profits after securities transactions by 6 per cent to \$73.7m (£71.7m) in its third quarter. After nine months profits were up at \$481m after share transaction.

● STEEL BROTHERS Holdings' first half 1980 taxable surplus declined to £2.6m, compared with £2.95m. Page 22

● UNITED ENGINEERING Industries pre-tax profits rose in £15.5m in the six months ended July 31 compared with £10.3m. Turnover was up from £6.4m to £10.08m. Page 22

● STYLO SHOES reported increased losses in the half year in July 26. The deficit rose from £721,853 to £1.14m. Page 22

Howe expects fall in monetary growth and inflation rates

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE PROSPECT of a reduction in the rates of monetary growth and of inflation in the next six months was held out last night by both Sir Geoffrey Howe, the Chancellor, and Mr. Gordon Richardson, the Governor of the Bank of England, in cautiously optimistic speeches to the annual bankers' banquet in the City of London.

Mr. Richardson said that inflation was past its peak and that there were some tentative signs that private-sector demand on the banks might be starting to slow down.

Public-sector borrowing should also fall from a level of about £7.1bn in the first half of the 1980-81 financial year. This outlook, he said, suggested that over the whole of the target period to next April the rise in sterling M3, the broadly-defined money supply, "may turn out to be much less than generally supposed," after making proper allowance for the distortions of the current controls on the banks.

Sir Geoffrey took a similar line. He expected "a considerable further fall in next spring in the annual rate of retail price inflation." He also noted the "increasing apparent" signs of greater realism in recent wage settlements.

Details of speeches Page 14

Moreover, Sir Geoffrey offered the prospect of some easing in the upward pressures on sterling.

He referred to the view of some commentators that not all the factors underlying sterling's present strength were likely to be permanent.

"Some of them are not in question—for example, North Sea oil and the fact of a strong of short-term monetary control. Mr. Richardson did set out a distinctive line on monetary control. He reviewed the experience of the past 18 months and noted the problems caused by large swings in public borrowing. He concluded that the erratic variability of the counterparty contained in sterling M3 suggested the need to avoid attaching undue importance to short-term developments in any single monetary aggregate.

"It is sounder to take into account, as we in fact do, the underlying developments both in the aggregates as a whole and in the real economy."

Mr. Richardson said that "it was possible to imagine a tighter or more rigid control of the creation of money achieved on a more continuous and shorter-term basis."

"Temporary pressures and distortions would then be turned back more abruptly on the real economy instead of being reflected in temporary variations in monetary growth."

He carefully avoided judgments on techniques for short-term control such as the monetary base system, but the implication is that he is sceptical, and favours a broader and more long-term approach.

Continued on Back Page

Foreign airlines decide to withhold Heathrow fees

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A group of 18 foreign airlines using Heathrow Airport said yesterday that they would withhold increases in landing fees levied by the British Airports Authority since last April 1. Their action could put them at risk of having their aircraft impounded by the authority.

This row between the foreign airlines and the authority escalated when the 18 airlines filed a writ against the authority alleging that the increases in fees imposed last April 1 were "excessive and illegal."

The airlines also said they would pay only those rates prevailing before April 1. The balance would be paid into a specially-created trust fund, pending the outcome of their case.

The authority replied that this action by the airlines amounted to "prejudging the issue" and it said that it had the right to impound aircraft for non-payment of fees.

The dispute threatens to become a bitter legal battle which could result in the impounding of aircraft, the suspension of services, and disruption to the travelling public.

The airlines are prepared for a fight of between one and two years in the courts, with legal fees amounting to £1m or more. This bill would be met from a "fighting fund."

The airlines made it clear through their spokesmen, Mr. Dick Rieder, assistant general counsel of Trans World Airlines, that if the authority impounded aircraft, the Governments of the airlines concerned might decide to take reciprocal action against British aircraft overseas.

The airlines concerned, which collectively account for about one-third of all the foreign traffic into and out of Heathrow, include Air Canada, Air France, Air India, Air Mauritius, Alitalia, Austrian Airlines, BVA International, Lufthansa, Flying Tiger Line, Gulf Air, Iberia, KLM, Sabena, Saudia of Saudi Arabia, Scandinavian Airlines System, Swissair, Trans Mediterranean Airways, and Trans World Airlines.

Pan American World Airways has already taken separate, similar action by filing a writ against the British Airports Authority for alleged excessive and illegal increases in fees.

The airlines' writ claims that the Secretary of State has acted unlawfully and has exceeded his powers in requiring the authority to achieve an average 6 per cent annual return on net assets from 1980-81 to 1982-83.

It also alleges that the Secretary of State has acted contrary to the competition rules of the European Community by requiring or enabling the authority "to distort competition and to abuse its dominant position within a substantial part of the Common Market."

It also alleges that the authority has acted unreasonably in imposing charges which "grossly exceed the full cost of providing the appropriate services and facilities when a reasonable rate of return on assets has been taken into account."

The airlines argue that some of them are paying well over 100 per cent more for using Heathrow than they did before last April 1. A Boeing 747, for example, now pays for each landing in the peak period £4,764 against £3,092, while a Trident pays £3,079 against £2,043, and an Airbus pays £2,387 against £1,205.

Marks & Spencer profit cut

BY CHRISTINE MOIR

THE SHARE price of Marks & Spencer rose a token 1p yesterday to 106p in spite of evidence that the High Street recession had caused an 11 per cent drop in pre-tax profits for the first half of the year.

The figures—£68.5m before tax on sales of £845.5m compared with £77.4m on £766.5m for the first half last year—seemed of less importance than the cautiously optimistic forecast of chairman Lord Sieff.

Business had been looking up in August and September, particularly as far as food and clothing were concerned, and "if the present trend continues we expect the full year's profits to be satisfactory," he said.

The market took confidence from the fact that the interim dividend is not to be cut and the Board has decided to pay 1.5p a share, as it did last year.

In addition, the company said that the drop in trading profits was not as severe as that in pre-tax profits.

Signs that Debenhams, the department store group, may also be on the mend, helped sustain its share price yesterday at 80p, only 2p down.

Again the market was looking beyond the figures which, in common with other department store groups recently, showed a collapse in the pre-tax level from £4.7m to £1.3m in the half-year to August 16.

The Board says these results should not reflect profitability for the year because of the importance of Christmas sales.

The company seems to have been making headway with loss-making branches, with the exception of Harvey Nichols which is still losing money. Closures and restructuring have sharply reduced interest charges.

● Plans by Sam Chippindale Development Services to build 500,000 sq ft of shopping space as part of a major redevelopment at Whitechapel underground station in London's East End have been reduced to 600,000 sq ft.

Property, Page 36
M. & S. and Debenhams details, Page 22
Lex, Back Page

Low rise in money supply confirmed

BY PETER RIDDELL

A CONTINUING high level of Government borrowing was the main expansionary influence on the money supply last month as the growth of bank lending to the private sector slackened.

Bank of England figures published yesterday confirm earlier indications that sterling M3, the broadly defined money supply, grew by 0.6 per cent, seasonally adjusted, in the month to mid-September.

This rise was described last night as "encouragingly low" by Sir Geoffrey Howe, the Chancellor, in his speech to the bankers' dinner at the Mansion House.

Nevertheless, the Government is taking a cautious view on interest rates. No change in Minimum Lending Rate is

likely at least until the October figures are available around the end of this month.

The official preference for delaying any decision on MLR is partly because of continuing uncertainty about the underlying trend of bank lending and Government borrowing.

There is also caution in view of the new familiar three-monthly spike in the growth of bank lending associated with quarterly interest charges. The October figures, which were collected on Wednesday, may have been affected by distortions in the money market at the time.

The September figures were for once relatively little affected by the readjustment of banking operations following the end of the current controls in mid-June which had inflated the July and August figures. These adjustments are now thought to have been substantially completed.

Even after allowing for the earlier distortions, the rise last month was smaller than the underlying increase of 1 to 2 per cent in the previous two months.

The September figures are, however, only partially reassuring. There certainly appears to have been some slowdown in the growth of bank lending to the private sector, but central Government borrowing remained high at £1.15bn and it was only partially offset by sales of gilt-edged stock to financial institutions and to the public.

Consequently, domestic credit expansion was large, at just over £1bn, but the impact on sterling M3 was substantially

Continued on Back Page

Labour Left campaign to stop Healey

BY RICHARD EVANS, LOBBY EDITOR

AN INCREASINGLY determined campaign to stop Mr. Denis Healey from grasping the leadership of the Parliamentary Labour Party in the first ballot was mounted by Labour Left-wingers yesterday.

First, Mr. Michael Foot, Deputy Leader, announced to the surprise of colleagues that he might still be a candidate and would announce his decision on Monday. Should he stand, it would probably be with the connivance of Mr. Peter Shore, who declared his candidature yesterday. The intention would be to maximise the anti-Healey vote in the first round in an attempt to ensure a second ballot.

Secondly, Mr. Anthony Wedgwood Benn, who seems increasingly unlikely to be a candidate, raised the spectre of two Labour parties and warned MPs that the successful candidate must be regarded as a purely interim leader until new voting methods were devised.

This advice was echoed by Mr. Moss Evans, general secretary of the Transport and General Workers' Union, the largest union affiliated to the Labour Party, who urged MPs to choose a "yesterday" leader to avoid further confusion and splits.

But there is absolutely no sign that the advice will be heeded by the Right-wing and centre of the party. There seems to be a growing determination to emphasise the independence of the PLP and its right to elect its leader without interference from other party authorities.

Mr. Healey is likely to be urged to state his support for this view in even clearer terms by Right-wingers before the voting in two weeks time.

The differing tactics showed how divided the Left is about the best method of stopping Mr. Healey, the clear favourite, from succeeding Mr. Callaghan.

Present estimates, which are perhaps premature because of the absence of most MPs from Westminster, show that Mr. Healey could just achieve the target figure of half the votes cast in the first ballot. This would result in his election without a second ballot. His support explains the furious activity yesterday between Left-wing factions to agree on tactics.

The attraction of Mr. Foot is that as a respected and popular elder statesman who would agree to be an interim leader, he could win the votes of a number of potential Healey supporters, who would not consider voting for either Mr. Shore

or Mr. John Silkin, the other candidates.

Mr. Shore, after declaring he would become the third candidate with Mr. Healey and Mr. Silkin, went out of his way to attract centre votes with a statement of the position of the Parliamentary Labour Party on the leadership.

He said that the Labour conference had decided it wanted a wider franchise to elect a leader, and that standpoint would have to be accepted. But he stressed that any arrangement that emerged would have to take account of the fact that nobody could lead the PLP unless he had the confidence and support of his fellow members of Parliament.

The controversy over the election process, and the right of MPs to go ahead with their election before a wider franchise

can come into operation next year, looks like becoming the key issue in the contest.

Mr. John Silkin, after emphasising his platform of strongly interventionist economic policies and withdrawal from the European Common Market, said he was standing because the Parliamentary Labour Party needed an effective rather than an interim leader. But he would be willing to submit himself for election under the new process.

Mr. Benn, on the other hand, would have nothing to do with the proposition that MPs should go ahead and elect their own leader. He said in Weymouth that Labour MPs had a clear choice: to accept that the decision for a wider franchise put a time limit on the tenure of anyone elected by them alone "or risk starting down a path which might lead to the establishment of a Parliamentary party quite separate from the Labour Party and Labour movement as a whole."

The feeling at Westminster remains however, that whoever wins the forthcoming election is entitled, by the rules under which he will be elected, to stay as leader certainly until the opening of the 1981-82 session of Parliament.

5 in New York

	Oct. 15	previous
Spot	\$3.4110-4120	\$2.4033-4066
1 month	0.84-0.78 dis	0.73-0.68 dis
3 months	1.65-1.60 dis	1.46-1.41 dis
12 months	2.50-2.45 dis	2.75-2.60 dis

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EUROPEAN NEWS

French trade deficit climbs to £4.6bn

BY ROBERT MAUTHNER IN PARIS

FRANCE'S TRADE in September showed another seasonally adjusted deficit of FFfr 5.4bn (about \$240m) bringing the total shortfall since the beginning of the year to FFfr 46bn (£4.6bn) compared with only FFfr 5.4bn for the first nine months of 1979. But, according to provisional estimates made by the Trade Ministry, the current account deficit, for the first nine months of 1980, amounted to FFfr 22.5bn.

The September shortfall was nearly FFfr 1.4bn greater than that of the previous month's, but still fell far short of the record monthly deficit of FFfr 7.2bn registered in May this year.

In its comments on the figures, the Ministry said that the main element in the deficit was once again the high level of energy imports, which totalled FFfr 13bn. But imports of non-

energy products were also 13 per cent higher than at the same time last year.

In spite of the slack international climate, French exports have been maintained at a satisfactory level and were 7 per cent higher in September than 12 months earlier. Seasonally corrected exports last month totalled FFfr 40.93bn compared with FFfr 46.36bn of imports.

Meanwhile, M. Raymond Barre, the Prime Minister, has given a firm undertaking that he will not allow a devaluation or depreciation of the franc to improve the competitiveness of French exports.

He was answering complaints during the budget debate in the National Assembly about the adverse effect that the strength of the French currency was having on exporters. He described as "monetary non-

sense" suggestions that the franc should be devalued.

Such a move would only increase the already very heavy oil import bill and persuade companies to be even more lax in their management methods, he said.

Nor was M. Barre prepared to accept suggestions that national protective measures should be taken to help industry. "I will never allow international competitive pressure to be relaxed since it is this which permits a reinforcement of French industry," he said.

Pressure for a depreciation of the franc, which is in a very strong position within the European monetary system, has been growing from a number of companies which have had difficulties in selling abroad in the slack economic climate.

The Prime Minister, in confirming his long-standing policy,

was also clearly anxious to prevent the franc from coming under pressure during the run-up to next April's Presidential election.

Meanwhile, the employment situation shows no signs of improvement. While the seasonally adjusted number of unemployed dropped marginally by 0.7 per cent in September to 1,446,000 from 1,456,000 in August, the crude figures showed an increase to 1,519,000, the first time that the 1.5m mark has been exceeded.

The official explanation is that the number of job-seekers always increases sharply in the early autumn, when school-leavers come on to the market. However, the unions have bitterly accused the Government of neglecting the employment situation in the interests of industrial restructuring and its fight against inflation.

Two-party coalition agreed in Belgium

By Larry Klinger in Brussels

BELGIUM is set to have a two-party Government committed to an economic austerity programme. Mr. Wilfried Martens, the caretaker Prime Minister, announced yesterday.

Congresses of the two parties — Mr. Martens' Christian Democrats and the Socialists — are expected to ratify the agreement between them at the weekend, enabling the new administration to be installed early next week.

The economic programme, which envisages enforced wage restraint and big social security cuts, would then be put to a national conference of employers, unions and government representatives "as soon as possible."

It is hoped that this part of a proposed "democratisation of the economy" can be completed within a month to allow Parliament to approve the budget before the end of the year.

The wage restraint plan will be presented as a choice between three proposals. The first is a straightforward freeze at the level guaranteed by the existing national scheme of pay awards indexed to inflation. At current rates, this would provide automatic wage increases of about 6.5 per cent.

The second is for each worker to have over half of any rise above the indexed award to a "national solidarity fund" to be used for reduction of Belgium's national debt. Employers would be required to match the worker's contribution and pay a percentage of the total into the social security system.

The third is a Government plan backed by official, but as yet undefined, sanctions.

If this choice is accepted and pay policy is hatched, a spokesman said yesterday, "the Government could use all the instruments at its disposal to withhold the available advantages on fiscal matters, prices and expansion incentives."

Polish trade deficit with Russia likely to reach £686m

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S trade deficit with the Soviet Union will reach some 5bn foreign currency zlotys (£686m) in the five-year plan period ending this December, according to PAP, the Polish Press agency.

The figure, equivalent to about 30 per cent of the value of Poland's exports to the Soviet Union in 1979, comes in a PAP commentary on mutual trade, after a visit to Warsaw by Mr. Nikolai Baibakov, head of the Soviet Planning Commission, last weekend.

The Polish media have been remarkably reticent about the visit, reporting little more than that the talks had started with the Polish side, led by Mr. Jozef Piskowski, the Prime Minister, and that last Saturday, Mr. Stanislaw Kanai, the Polish party leader, had met Mr. Baibakov.

No communiqué was issued after the talks, nor was there even a mention that Mr. Baibakov had left Poland. This would indicate that the talks resolved few problems.

The talks which covered mutual trade next year and in 1981-85, are the latest round in a series which started in August last year. They have not been easy, with the Soviet side showing little inclination to increase raw materials, deliveries to

Poland above 1980 levels.

The Russians also told the Poles that they thought the price for Polish construction work in the Soviet Union was too high.

The latest round of talks with Mr. Baibakov took place after the wave of strikes in the summer, and at a time when the Polish economic crisis is getting worse. Most probably, Mr. Baibakov was handed a new shopping-list by the Poles, which requires top-level Kremlin approval.

Meanwhile, the figures published by PAP on trade for 1979-1980 mean that this year will see an unprecedented 20 per cent drop in the value of Polish exports to the Soviet Union, compared to 1979.

Since Polish exports for the first eight months of this year are running at almost the 1979 level, the drop will have to come in the last quarter.

This would suggest that the Soviet side has agreed to take some deliveries planned for this year, at a later date, in order to ease Poland's plight.

The Russians have already extended Poland's hard currency credit worth \$150m (£62.5m) since the strikes, and have agreed to extra deliveries of 500,000 tonnes of grain, some raw materials, and consumer goods.

Kiselev appointed party secretary in Byelorussia

BY ANTHONY ROBINSON

MR. TIKHON KISELEV, 63, one of the Soviet Union's 13 Deputy Prime Ministers and former Premier of Byelorussia, has been appointed party secretary for the Republic to succeed Mr. Petr Masharov who was killed in a car crash on October 4.

The former teacher is also expected to take over Mr. Masharov's seat as a non-voting Politburo member. A decision

on this could be taken at the party central committee meeting in Moscow next week.

Mr. Kiselev was Prime Minister of Byelorussia for 19 years from 1959 to 1978 and was a party secretary before that. He was appointed as a Soviet deputy premier in 1978 with overall responsibility for light industry, services and culture.

Oslo oil-rig pay rise
About 2,000 Norwegian oil-rig workers who held a five-week strike in July and August are expected to accept a 23 per cent pay increase backdated to May 1.

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The mayor brings Xanadu to Strasbourg

By Walter Ellis in Strasbourg

KUBLAKHAN would have stood a good chance of being elected Mayor of Strasbourg, if the city's European Parliament members had not been so busy with their own duties.

The edifice in question is a suite of offices built for MEPs by the city of Strasbourg. It has cost the taxpayers of the Alsace capital at least \$20m and will be rented out — courtesy of Europe's taxpayers — at an annual rate of £1.5m.

M. Pflimlin is determined that Strasbourg shall become a permanent home of the Parliament, and his extravagance in pursuit of this goal is breathtaking.

MEPs approach their offices, naturally enough, by way of caves of ice. An enormous, irregular reception hall glistens with marble and glass, and from the ceiling long crystal stems, tipped with light, descend like stalactites.

Whispering lifts usher the three bureaucrats to their bifold bureaux, complete with miniature bathrooms and beds. A gourmet restaurant and a bar attend to different needs, and liveried servants stand guard at doorways, protecting their charges from journalists and others of the common herd.

To be fair, it was not the MEPs who demanded such opulence. It was built, in fact, almost in spite of them, and is a testimony to Mr. Pflimlin's idea of fire rather than to parliamentary greed. But the mayor is a shrewd judge of his colleagues — he is, after all, an MEP himself — and believes that this latest coup will add further to the magnetic qualities of his Rhineland city.

Three British Conservative members, Mr. David Harris, Mr. Alistair Hutton, and Mr. Brian Hord, have said that they will not move into their offices, but the consensus seems to be that the building is there and might as well be occupied.

What cannot be denied is that the building will be used by members for a maximum of only eleven weeks a year — the number of parliamentary sittings, and Luxembourg maintains its grip on a share of the sessions, this figure will drop, perhaps to as few as six weeks.

In Brussels, meanwhile, the Parliament is spending £20m of its own — i.e. our — money on separate office accommodation, and further premises are being sought for more construction.

Secret Paris meeting on energy is called off

BY OUR PARIS CORRESPONDENT

A SECRET MEETING in Paris this weekend of senior officials from the West's 10 most important industrialised countries has been called off because a Japanese newspaper revealed that it was to take place.

The meeting was intended to bring together the main members of the International Energy Agency and France to discuss

the energy situation. The talks have been cancelled to avoid giving the impression that the industrialised nations are facing an energy crisis as a result of the Iraq-Iran conflict.

The French are also reported to have been upset because the meeting was billed by some officials as a preparation for a regular meeting of the IEA's

governing board next Tuesday. France did not want any links to be established between the two meetings, since it has traditionally looked upon the IEA as a body opposed to the Organisation of Petroleum Exporting Countries. That charge is strongly denied by the agency's members and secretariat.

The IEA governing board meeting will take place as planned and it can be presumed that there will be some informal contacts between French officials and those of IEA member countries over the weekend.

The governing board is expected to discuss possible measures for dealing with the reduction of oil supplies caused by the Gulf war.

City of London bankers pull off Italian job

BY JAMES BUXTON, ABOARD THE ROYAL YACHT BRITANNIA

THE ROYAL YACHT Britannia earned her keep in the Bay of Naples yesterday, and gave some City of London luminaries a chance to demonstrate unsuspected linguistic skills.

While the Queen visited Genoa, on the third day of her state visit to Italy, the Royal Yacht took about 80 senior Italian bankers and industrialists on a cruise from Naples. The chief business of the day was a seminar on the services of the City of London, held in the Royal dining room

and organised by the Committee on Invisible Exports.

But that was hardly the major attraction, and it devoured less than a third of the time. Most people had come for the opportunity to board the Royal Yacht, with its immaculate crew, and elegant, though not over-elaborate decor, and to see the island of Ischia and Capri from the Azure Sea on the first fine day since the Queen came to Italy.

Above all, they came to enjoy drinks on the stern verandah and a lunch of smoked salmon

and trout mousse, fillet of beef — a menu chosen by the Queen.

There was also the sight of pin-striped bankers including Lord O'Brien of Lothbury, former Governor of the Bank of England, Dr. Rinaldo Ossola, former vice Director-General of the Italian Central Bank and this correspondent, being winched by Jackstay to the accompanying frigate HMS Apollo, where champagne and caviar awaited them.

The speakers were obliged to

use Italian — except Lord O'Brien, who pleaded that his knowledge of Italian opera libretti was inappropriate to his talk on the services of the City of London.

Italian was little problem for the Marquis Gian Luca Salina-Amorini, a director of S. G. Warburg, or for Sir Anthony Tuke, chairman of Barclay's.

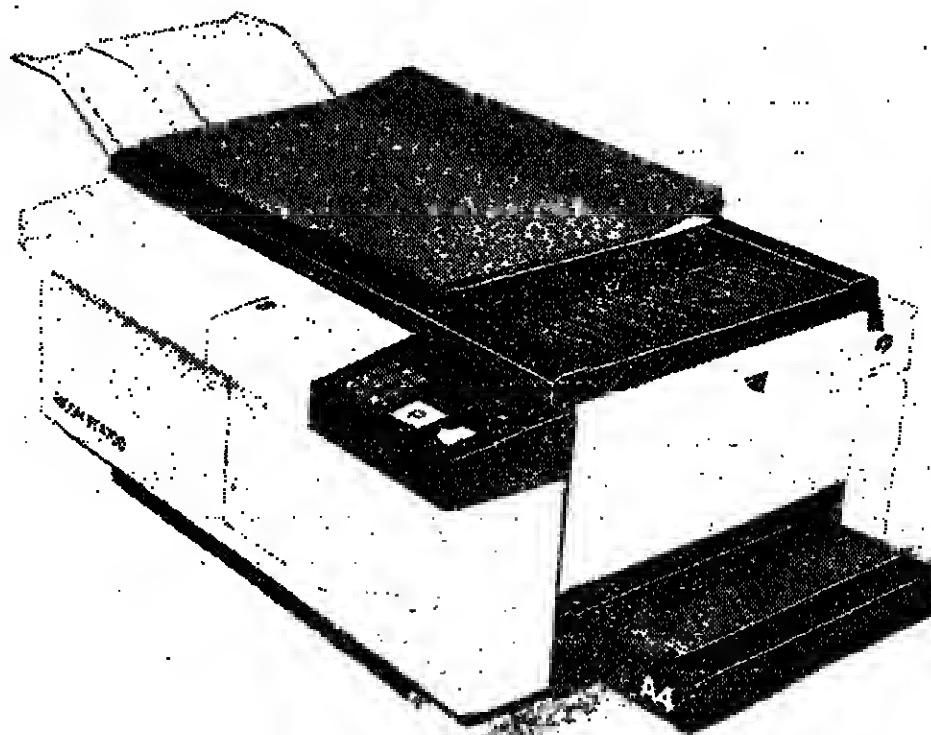
The substance of the seminar was that the British banking system was a more sophisticated and international than any other, and it was a surprisingly palatable message.

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(Incorporated in the Republic of Singapore)

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6 1/2% Convertible Bonds 1991

BONDHOLDERS SHOULD ACT NOW

The Development Bank of Singapore Limited has on 30 August 1980 served notice of its intention to redeem all its outstanding 6 1/2% Convertible Bonds 1991. This notice expires on 23 October 1980 and you have up to 23 October 1980 to convert your Bonds into ordinary shares of the Bank at the rate of \$33.30 for one (1) ordinary share of \$5 each.

CONVERSION

If you wish to convert any or all of your Bonds, you have to complete the Form of Conversion Notice which is obtainable from the Bank, the Trustee or any of the Paying Agents, and return it duly signed with the Bond Certificates and unexpired coupons.

If by 23 October 1980, you still have not exercised your right of conversion, the Bonds will be automatically redeemed at 100% of the nominal value, together with interest, on 23 October 1980.

DO NOT DELAY

If you wish to convert your Bonds into ordinary shares of the Bank, send in your Bond Certificates together with the unexpired coupons and the Form of Conversion Notice immediately to the Bank, the Trustee, or any of the Paying Agents.

LIM SEAN TECK
SECRETARY
15 October 1980
Singapore

A PIPELINE ALONE WON'T SOLVE AMERICA'S ENERGY PROBLEMS.

As the age of inexpensive gas and oil has drawn to a close, America's energy needs are complicated by one great factor: Distance.

That's why MAPCO is extending its pipeline to 7695 miles and has expanded into many kinds of energy in many different regions.

Because each region has its resources, and each customer has his needs.

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• SYMBOL, MIDWAY/MSW/PSE

Charles Batchelor in Amsterdam assesses water control in the Delta

The Netherlands builds barrier against the flood

THE NETHERLANDS' costliest water control project, and probably its last, is now being built across the estuary of the Eastern Scheldt. No part of the ambitious Delta project, prompted by the disastrous floods of 1953, has aroused such controversy or demanded so much skill from the Dutch hydraulic engineers.

The Eastern Scheldt storm flood barrier is the final link in a chain of four massive dams blocking the tidal inlets in the delta formed by the Scheldt, the Maas and the Rhine. It will complete a chain of dykes, dams and barriers protecting 2m people living on land up to six metres below sea level in the south-west Netherlands.

Despite the legendary success of the Dutch in taming much of their country from the sea, many areas this century have suffered from frequent flooding. A combination of storm winds and a spring tide in February 1953 breached the dykes in the province of Zeeland, drowning 1,850 people and inundating settlements and farms.

The Delta plan, drawn up in 1954, will reduce the risk of recurrence of the 1953 floods to once in every 4,000 years from once in every 80 years. When complete, it will have shortened the Dutch coastline by 700 kilometres. Dutch engineers started with the smallest inlets, to gain experience, blocking the Veere gap, the Haringvliet channel and the Brouwershaven gap. Work on the nine-kilometre wide Eastern Scheldt started in 1967 and was originally due for completion in 1978.

The Delta plan will leave open only the New Waterway, which links the Port of Rotterdam to the sea, and the Western Scheldt, which provides access to the Belgian port of Antwerp. The original plan for the Eastern Scheldt was for a conventional dam enclosing a tide-free inlet in which sea water would be replaced by fresh water.

A growing concern for the environment and protests from lobster, mussel and oyster breeders, whose livelihood depended on the tide, persuaded the Ministry of Public Works to think again.

Work on the conventional dam was already far advanced but, despite that, a commission of experts recommended in 1974 that a storm surge barrier would be the best solution. The barrier would remain open for normal tides and weather, but would be closed on the one or two occasions in the year when a storm strong enough to threaten the dykes was expected.

Controversy has ever since surrounded the plan, which has meant a seven-year delay in completing the project and has nearly doubled the costs. Some believe the decision was an attempt by the Government of the time to cash in on the popularity of the environmental movement. They argue that the storm surge barrier tests Dutch engineering skills to the limit, and that the complicated technology might fail at the crucial moment. The farmers would have preferred a dam.

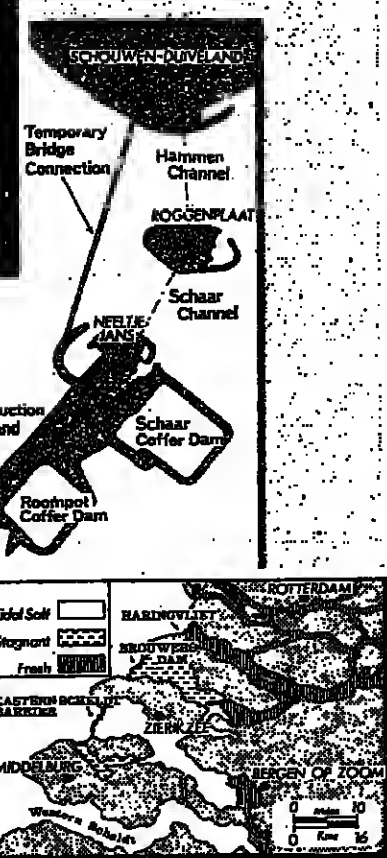
The Dutch have tackled the broad Eastern Scheldt by building islands on two shallow sandbanks in mid-stream. These artificial islands, the larger of which covers four square kilometres, are used as construction sites. Sixty-six 18,000-tonne concrete pillars, some as high as a nine-storey block of flats, are being built in coffer dams behind the islands. When they are completed, the coffer dams will be dismantled and the pillars carried by a specially-built floating crane to their position in the three channels. When they are in position, they will be joined by concrete sills at the base, metal gates will be fitted and a two-lane road built on top.

Much of the work is technically demanding, but most of the ingenious solutions found will be invisible under the waves once the barrier is completed. The pillars, which have a 25 by 50-metre "footprint", will not be supported by piles but will simply rest on the estuary floor, now being compacted by a specially-built vessel which vibrates the grains of sand until they form a solid mass. A synthetic fibre mat more than a kilometre broad will be laid to protect the estuary bed from erosion.

The two islands and the pillars will cut the channel to a fifth of its present size and reduce the difference between high and low tides to three-quarters of the present range.

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HOW THE DUTCH TAMED THE DELTA



the world. "This is the first Dutch water control project which will provide no economic gain," says Mr. Tjebbe Visser, the Ministry of Public Works' project leader.

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Robert Graham in Algiers examines President Chadli's problems

Algeria after the earthquake

AS MANY as 3 per cent of Algeria's 19.5m people have been made homeless by the earthquake which struck El-Asnam last Friday. But even statistics like this convey little of the scale of the tragedy. In a country where the extended family is a powerful force, scarcely anyone in the capital is without a story of tragedy.

The official seven days of mourning are being strictly observed. All cinemas are closed, cafes and restaurants shut early, and flags fly at half mast. Celebrations for the Eid, the main Muslim holiday at the end of the week, have been toned down, and religious leaders have advised people to contribute money to the families of earthquake victims rather than buy sheep for sacrifice.

With the onset of winter, the Government's immediate task is to accommodate the homeless. Beyond this a formidable decision is posed by the fate of the city of El-Asnam itself, which before the earthquake had a population of between 110,000 and 120,000. It is the principal town on the main road and rail link between Algiers and Oran, and is the centre for a large agricultural region which has a population of some 250,000.

One senior Algerian official said: "It will have to be rebuilt and on a different site. How can you persuade people to live in a place where an earthquake has struck twice in 26 years?"

The disaster is almost inevitably going to occupy the Government's attention over the coming months. But the distraction comes as final approval for the \$100bn five-year plan (1980-84) is still pending after substantial delays.

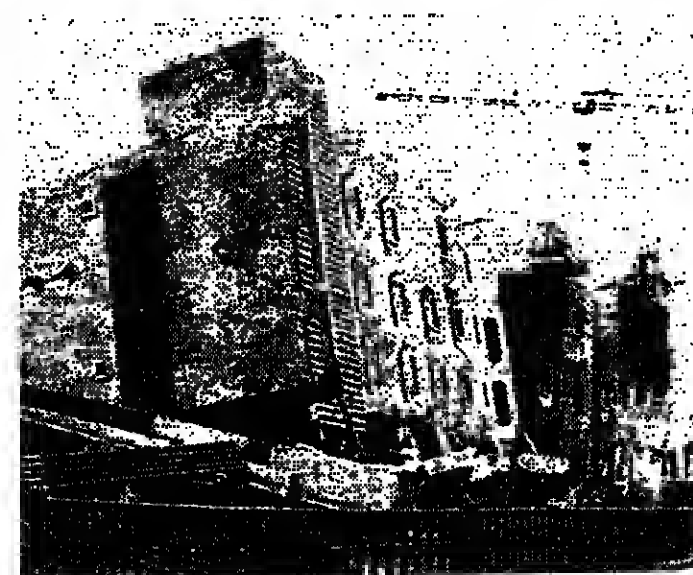
A compensation, perhaps, is the distinct closing of national ranks since the disaster. Significantly, the messages of international sympathy and the foreign aid are being treated by the government-controlled media as an endorsement of the "revolution" — of Algeria's search for socialist economic development at home and its anti-imperialist stance abroad.

The earthquake has highlighted, albeit tragically, the most serious problem confronting Algeria. Its population explosion. Since independence in 1962, the population has almost doubled, and now stands at 19.5m. The 1977 census put the birth rate at 4.6 per cent a year and the death rate at 1.4 per cent, giving an average annual population increase of 3.2 per cent, one of the world's highest. President Houari Boumedienne started by welcoming this phenomenon, believing that Algeria, with its huge so-called reserves, could absorb a greatly increased population.

Advisers to the late President maintain that towards the end of his rule he was conscious of the problem but failed to act. President Chadli now faces the daunting prospect of Algeria's population having by outstripped all efforts to keep unemployment, food self-sufficiency and provide adequate social services.

Last year's food import bill was \$2.3bn, and it is clear that it will be a short-term achievement if the bill is stabilised. Algeria inherited its infrastructure from the French. But this infrastructure—such services as water, electricity, transport, roads and telephones—was designed for a population half the size, and it has to be properly maintained. Algeria, the capital, has reached saturation point, and is acquiring the battered, overused feel of Cairo.

The population explosion is also having a profound effect on housing, education and em-



quent in the past three years. President Chadli has made it clear he intends development to move more towards producing consumer items and removing some of the most annoying annoyances affecting those sectors where private enterprise can operate.

The plan recognises the shortcomings of the Boumedienne development strategy. Industry, while still regarded as the best way to create jobs, will be geared to more labour-intensive plants with lower technology, thus obviating the present very large need for expatriate experts. The emphasis will be on making industry efficient, and trying to cope—if possible—more effectively with the plethora of state enterprises, the biggest of which—like the hydrocarbons group Sonatrach—have become semi-autonomous empires.

Only one minister survives from the former era, and the body which initially seemed as though it might impose a form of collegial rule after President Chadli was elected—a 17-man political bureau of the Front de Liberation Nationale party—was emasculated in June. The result is that men who had accumulated up to 20 years of experience in government are now in limbo, although formally disgraced. Many have ended up on the new 180-man party central committee. President Chadli is adopting an increasingly presidential style of government, which appears to have the support of the all-important armed forces.

Fast movers take the pick

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Earlier this year the County Council announced a programme to build 36 Advance Factory Units. By August, 18 units were complete and over half had been let or allocated. The remaining 18 units will be completed before the end of 1980 and we are already dealing with applications for them.

We can offer you:

- Rents as low as £140 per sq. ft.
- Space ranging from 1,250 sq. ft. to 7,500 sq. ft.
- Varying locations: near Barnsley, Doncaster, Rotherham and Sheffield.
- Small office development site in Central Sheffield.
- Excellent communications.
- An adaptable labour force with a wide range of skills.

Also if you are more interested in building your own factory we can offer serviced land from one to sixteen acres.

The County Council is able to offer financial assistance in certain circumstances and is always able to provide help with applications to other bodies offering assistance.

Write, telephone or fill in the coupon for more details. The Employment Promotion and Development Unit, South Yorkshire County Council, County Hall, Barnsley, South Yorkshire. S70 2TN. Telephone: (0226) 86141.

South Yorkshire County Council

Name _____
Company _____
Address _____

Fairview Estates Limited

PRELIMINARY STATEMENT YEAR ENDED
30th JUNE 1980

	Year ended 30th June 1980 £000	Year ended 30th June 1979 £000
Turnover	32,288	27,309
RENTAL INCOME AND RESIDENTIAL DEVELOPMENT PROFIT	10,315	7,175
Taxation	534	536
Profit after taxation	9,781	6,639
Amount absorbed by Dividends	1,276	850
Dividend on Ordinary Shares		
Interim	3.300p	2.750p
Final	8.561p	5.157p
Total	11.861p	7.907p
Earnings per Share	90.9p	61.7p
Net Asset Value per Share	428p	216p

DIVIDEND

The final dividend proposed by the Directors of 8.561p per share is the net payment to shareholders. Taking into account the tax credit available to United Kingdom shareholders, the total dividends paid or proposed represent a total of 16.944p per share. The final dividend will be, subject to approval by the members, paid to those shareholders on the register at the close of business on 6th November 1980.

PROFIT & PROSPECTS

A profit for the 12 months to 30th June 1980 of £10,315m was earned; this included £0.597m achieved from the sale of land which was considered to hold less growth potential than sites currently available. The Company's investment properties have been re-valued. This produced a surplus of £14,326m over book value which, together with retained earnings, increased net assets at 30th June 1980 to £46m, 428p per share, virtually double the figure shown last year.

The contracted rent roll is now £3.31m and a satisfactory pattern of rent reviews is emerging. Several good development propositions have been secured and whilst the current economic climate is not conducive to Industrial and Commercial expansion, the Company's investment programme is substantially pre-let.

In last year's Annual Report I mentioned that consideration was being given to the separation of the Company's two main business activities. It has been decided to retain the Group in its present form thereby Company's two main business activities. This limitation may producing income from a controlled housing operation with strict limitation on land stocks. This limitation may well result in some inconsistencies in trading profits as the price/cost equations of the housing market fluctuate. The income earned in housing will continue to be applied to the growth of the Company's property investment portfolio.

In the Report and Accounts are to be found full details of the proposed re-arrangement of the Company's capital and share structure.

This re-structuring will bring the relationship between share capital and reserves into a realistic balance. This re-structuring will provide a more marketable unit by issuing three shares for every one currently held.

The share re-arrangement will provide a more marketable unit by issuing three shares for every one currently held. The Company is well placed to take advantage of any improvement in the country's economy. We are in a strong financial and management position and hold a stock of first class development sites together with a prime investment portfolio. The planned reduction of the Company's housing activities has been achieved in an orderly and profitable manner and this has released management capacity which is being directed to the main-stream business of property development and investment.

Copies of the Report and Accounts are available from 50 Lancaster Road, Enfield, Middx. Tel. 01-366 1271.

D. J. Cope
Chairman

15th October 1980

The acquisition by

Suntory International Corp.

of

PepCom Industries, Inc.

has become effective.

The undersigned initiated this transaction and acted as financial advisor to Suntory International Corp. in connection therewith.

LAZARD FRÈRES & Co.

October 6, 1980

OVERSEAS NEWS

Australia's politicians bury the economic issues in the battle for votes

BY DAVID HOUSEGO IN CANBERRA

NO BRITISH observer of Australia's election can avoid being struck by the hauntingly close comparisons between Australian politics and all that is happening in Britain.

Mr. Malcolm Fraser came to power in 1975 every bit as determined as Mrs. Thatcher to bring down inflation. Government spending, taxation and the growth of money supply. And yet, five years later, government spending is still climbing—up by 3 per cent to real terms in 1980-81, compared with a 1 per cent increase in 1979-80, with total public sector spending accounting for 38 per cent of gross domestic product as against an average of 33 per cent during Mr. Gough Whitlam's Labor Administration in 1972-75. Federal tax receipts have increased to 27 per cent of gross domestic product, from 25 per cent two years ago, showing that the real tax burden is still growing. Money supply (M3), expanding at an annual 15 per cent to the June quarter, has overshot the Government's

9-11 per cent target for the fiscal year: and inflation is nosing up beyond 10 per cent, with wide expectations that shortages of skilled manpower are preparing the way for a wage explosion.

As Australian officials here focused most vividly on the Australian/British comparison by recalling a recent economist cover picture showing two faces of Mrs. Thatcher pointing in opposite directions. The official (a monetarist) remarked that if Mrs. Thatcher went further down the pragmatic path of giving way to further calls for government funds and intervention, Britain would be lost. But what he had in mind was the lesson for Mr. Fraser of the risks of pointing in opposite directions at the same time.

The Treasury, dominated by monetarists, regards Mr. Fraser as a renegade who held fast to an anti-inflationary position until 1978, but who was then lured into higher government spending and looser monetary



Bill Hayden: the challenger

disciplines. Should he be returned to power in Saturday's election, the Treasury would see the first priority as restraint, to claw back lost ground over monetary expansion and inflationary pressures, so as to allow more room in an overstretched

economy (even with unemployment of 6.4 per cent) for private-sector investment, particularly in resource-related projects.

But in contrast to the Treasury view, the electoral view of Mr. Fraser in the outer suburbs of the cities is uncomfortably close to that of a black-robed preacher of austerity.

His dilemma is that a monetary strategy is inevitably a long haul. And what the campaign has shown is that suburban Australia is not prepared to stomach five years of stagnant or declining living standards for a boom which always seems over the horizon. It is a sobering thought that the Government elected on Saturday will have to face the polls again in three years, or before Mrs. Thatcher need call an election in Britain.

The brilliance of the strategy of Mr. Bill Hayden, the Opposition Labour Party leader, was to spot that impatience would run strongest amongst the first-home buyers, the middle-income suburban families with large

aspirations but now having difficulty in making ends meet.

These people are not Mr. Fraser's natural constituency, but they are the floating voters whose support a potential governing party must win.

Mr. Hayden's economic philosophy is as Keynesian as Mr. Fraser's is monetarist. He is proposing to stimulate demand and employment by higher government expenditure and increasing disposable consumer incomes. He is looking to a higher annual gross domestic product growth of about 5 per cent, compared with the Treasury's present (almost certainly too high) forecast of 3 per cent for 1980/81 on existing policies.

At the beginning of the campaign, Mr. Hayden put forward a plausible package of tax measures to finance higher levels of expenditure.

Mid-way he panicked, in the face of Mr. Fraser's onslaught that his proposed wealth and capital gains tax would hit the suburban householder whose



Malcolm Fraser: the holder

support he needed. He then unwisely declared that he would forego both taxes thus depriving himself of one of the few sources of revenue which would have been both redistributive and fairly easily realisable.

After this shift of ground, Mr. Hayden has been every bit as dishonest as Mr. Fraser in claiming that he can finance his expenditure proposals without adding to inflation. Mr. Fraser has fought hard to drive home the inflationary impact of Labor's programme. The main hope Labor has of holding down price increases lies in some agreement with the unions over wages—but it is a faint hope. The difficulty for Mr. Fraser in putting over his message is that he has lost much of his own personal credibility and that Middle Australia has become deaf to implied new appeals for further belt tightening.

The two parties' sharply divergent economic philosophies have not surfaced in the campaign—in contrast to the difference in personalities of the leaders which has dominated it.

In the contest to capture the middle ground, the two economic issues of most significance for Australia's future

—managing the development of its vast natural resources and tariff cuts as a first step towards restructuring industry—have both been buried.

Although the election result will now be a cliff hanger, the campaign has not been as dramatic as that would suggest. Because voting is compulsory, parties do not have the same incentive to stir voter enthusiasm.

There is scarcely a campaign poster to be seen in Sydney, Melbourne and Canberra, and I saw only one spontaneous street rally. A Labor supporter put up a placard in Bourke Street in central Melbourne which said: "I'll vote Labor. Any questions?"

In a crowd of no more than 15, a heckler tried to shout him down: "You're wasting your time. Fraser will come back with 25 seats." It is probably true that most people still cannot conceive that Mr. Fraser will lose, but even he would be taken aback by a majority of that size.

Abadan isolated, Iraqis claim

BY OUR FOREIGN STAFF

IRAN'S south-western oil city of Abadan has been cut off from the rest of the country by advancing Iraqi troops, Iraq claimed yesterday. It said that road, rail and pipeline links had all been severed.

The Iraqis said that they had driven back the Iraqis six miles from the eastern boundary of Abadan, Iraq's armour and infantry crossed the Karun River north of the city at the weekend and is pushing through the salt desert to strike at Abadan from the east.

Iran's radio and newspapers now seem to expect a long siege of Abadan. The people of the city are prepared for street fighting and it "will become a hell for the Iraqi infidels," according to Tehran radio.

Although the fiercest fighting is taking place around Abadan and Khorramshahr, the Iraqis also claim to have carried out raids on Iraqi lines further north, particularly around Dezful.

In the air war Iraq claimed to have bombed targets in Tehran and provincial capitals while Iranian aircraft raided Basra and Baghdad.

An Iraqi communiqué said oil storage tanks in Tehran were set on fire by their aircraft which also struck at two army camps near Iran's western city of Kermanshah, 250 miles south-east of Tehran and 70 miles east of the Iraqi border.

Tehran radio also confirmed that the Iraqis had raided

Kermanshah, but said that only residential areas were attacked in "Iraq's continued crimes against defenceless Iranians."

The Baghdad communiqué said 66 Iranian tanks and 15 armoured personnel carriers were destroyed in the battle for Abadan. It admitted that 15 Iraqi soldiers were killed, 21 were wounded and two tanks were destroyed.

Iraqi ground forces and anti-aircraft guns were said to have repulsed a bombing attempt by three Iranian helicopters with jet-fighter cover. One helicopter was forced to land and blown up after its four-man crew was taken prisoner. The two other helicopters and one jet fighter were damaged by anti-aircraft fire.

Brezhnev greets Karmal on visit to Moscow

MOSCOW — Mr. Bahrak Karmal, President of Afghanistan, flew in yesterday to a welcome from President Leonid Brezhnev, on his first official visit to the Soviet Union since he came to power last December.

By inviting Mr. Karmal for a full-scale visit, the Kremlin has acted to scotch speculation that it might be prepared to jettison him in the search for a compromise settlement in Afghanistan.

K. K. Sharma in New Delhi adds: Mr. Karmal needs help badly to bring some semblance of legitimacy to his regime. The country is in much worse shape than at the time of the Russian invasion.

Muldoon beats party challenge

NEW ZEALAND'S Prime Minister, Mr. Robert Muldoon, yesterday survived a challenge to his leadership from within the ruling National Party. But he admitted he was not ruling with the full backing of party members, Reuters reports.

Mr. Muldoon emerged from a 24-hour meeting of National Party MPs and said that some Parliamentarians wanted Mr. Brian Talboys, the Deputy Prime Minister, to take over as Premier.

Mr. Muldoon has come in for increasing criticism lately for what those opposed to him say is his abrasive style. During a recent six-week tour of the U.S., India, China and Mexico by Mr. Muldoon, his party lost what had been considered a safe seat in a Parliamentary by-election.

Japan discount rate likely to be cut again soon

BY CHARLES SMITH IN TOKYO

The Bank of Japan's discount rate, which was cut by 0.75 per cent in August, is expected to be reduced again in November, perhaps by as much as 1 per cent.

This appears likely after a series of hints by politicians though not as yet by the Bank itself—that a further lowering of interest rates may be the only way of preventing Japan's economy from sliding into recession.

Discount rate is favoured as the best instrument for reviving the economy, mainly because the Japanese budget deficit makes it difficult for the

Government to increase public spending.

This point was emphasised on Wednesday by Mr. Zenko Suzuki, the Prime Minister, at a joint meeting between Government and Liberal Democratic Party representatives called to consider the state of the economy.

Mr. Suzuki said after the meeting that the time had come to "consider taking monetary measures to stimulate the economy." Similar statements were made by Mr. Toshiro Nomoto, director-general of the Economic Planning Agency.

Giscard and China differ over threat to peace

BY TONY WALKER IN PEKING

DIFFERENCES between China and France in their approach to world issues emerged at a banquet to mark the beginning of a visit to Peking by the French President, M. Valéry Giscard d'Estaing.

While Zhao Ziyang, China's new Prime Minister, urged Europe to unite against Soviet aggression, his French visitor talked in more conciliatory terms.

"I firmly believe that a stronger Europe and a stronger China will promote world peace; a just peace resulting from a multi-polar world, thus avoiding a clash between the superpowers," M. Giscard d'Estaing said in the Great Hall of the People.

Mr. Zhao, on the other hand, said European countries were increasingly threatened by military action. "Since world peace is an organic whole," he said, "developments in various regions are closely related. The hegemonists (the Soviet Union) have despatched troops to Afghanistan and supported the

invasion of Kampuchea. That is an important part of their global strategy of expansion."

Mr. Zhao urged all countries to "strengthen their solidarity" to contain and struggle against expansion.

Editorials in the People's Daily, the Communist Party Newspaper, frequently criticise lack of solidarity among European countries in their approach to the Soviet Union, and warn them of the dangers of appeasement.

A recent commentary carried by the New China News Agency said it was Moscow's strategy to remove the American nuclear umbrella from Europe. "The Soviet Union wants to drive back the United States to America so as to facilitate a soft operation on Europe."

While in Peking, President Giscard d'Estaing is expected to endorse an agreement under which China will assemble French-designed Dauphine helicopters. Other agreements involving a sharing of French technology are in the pipeline.

Rights Offering

The Royal Bank of Canada

Offering of 1,573,800 Additional Shares

The Royal Bank of Canada is offering to its shareholders of record September 16, 1980 rights to subscribe for additional shares of the Bank on the basis of one additional share for each eight shares held.

Subscription Price: \$46 per share

Rights expire on October 21, 1980

The full terms and conditions of the offer are set out in the formal Offer. An Information Circular has been prepared and copies of this Circular, the formal Offer and assistance regarding this offer may be obtained from any of the undernamed. Rights may be bought or sold on all Canadian stock exchanges and The Stock Exchange, London, England.

Payment of the full subscription price of \$46 per share may be made at the time the rights are exercised. Alternatively, payment may be made in 10 monthly instalments of \$4.60 per share without interest, commencing October 21, 1980 and ending July 22, 1981 unless such dates are altered by an extension of the offering period by the Bank.

Under the Taxation Act (Quebec) shares subscribed for and paid for in full on or prior to December 31, 1980 will qualify for inclusion in a Quebec Stock Savings Plan ("QSSP") in 1980. Shares subscribed for pursuant to the instalment plan and paid for in full in 1981 will qualify for inclusion in a QSSP in 1981. Individuals considering a QSSP are advised to consult their tax advisers regarding the related tax implications.

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AMERICAN NEWS

Rise in U.S. industrial production

By David Buchan in Washington

THE FEDERAL reserve Board yesterday reported that U.S. industrial production rose by a full 1 per cent last month, the biggest monthly increase since May, 1979.

The September increase reflected gains in two sectors—consumer durable goods such as cars, and construction supplies, which were hard hit in this year's slump. It follows a rise of 0.6 per cent in industrial production in August.

Last month's industrial performance gives further credence to the Government's estimates that Gross National Product in the July-September quarter will show a flattening, and not a further decline after the sharp second quarter drop.

But the U.S. economy still has some way to go to make up the ground lost in the last seven months of 1980 when the industrial production index fell by 8.5 per cent. The index last month still stood at 8.2 per cent below its level of September, 1979.

Output of consumer durable goods jumped 3.2 per cent in September, after a decline of 0.3 per cent in August. The major reason for this was that, with the start of the 1981 model season, the rate of car assemblies rose 7 per cent to an annual tempo of 540,000 units in September. This, however, was still 24 per cent below the rate of car output a year ago.

The same pattern was evident last month in building supplies. Production in this category rose 2 per cent in September, on top of a 1.8 per cent increase in August, but the level was still nearly 16 per cent below the level in September, 1979.

Chemicals down

The season of quarterly results from the major U.S. chemical companies opened yesterday with news of a fall in profits at Dow Chemical. IRI, the ill-fated leasing company, disclosed its expected losses for 1979. Details and other company results on Page 29.

Sr. Roberto Campos, Brazilian Ambassador in London, gives his Government's view of the country's economic problems

Why Brazil believes it is on the right economic track

BRAZIL HAS recently been the subject of much economic sermonising. Accelerating inflation and rising foreign debt have disappointed admirers of the earlier "Brazilian miracle" and stimulated Cassandra-like predictions.

Evaluating national economic performance and making international comparisons are tricky exercises. If one concentrates on the behaviour of a few conventional indicators, the task is simplified, but the result may not be enlightening if one does not weigh feasible options and the consequences of alternative policies.

Can one be assured, for instance, that a country with high inflation and high growth is worse off than one with stable prices and stagnation? Is a low level of debt without economic diversification preferable to the risks of high debt to accelerate structural transformation? Is Brazilian "growth-inflation" (growth with inflation) such an unmitigated evil, when compared with Western "stagflation" (inflation with stagnation)?

There are no obvious or easy answers. I admire critics who seem impervious to the anguish of doubt.

Brazil depends on imported oil for 85 per cent of its needs. The Organisation of Petroleum Exporting Countries' decision to raise oil prices in 1973 caught it in the middle of an energy intensive industrialisation drive. This called for difficult adjustments. Our performance since the energy crisis has been respectable, by any international standards, in terms of output growth, employment levels, trade and investment expansion. But a sharp deterioration in two major and visible indicators—for inflation and debt—distorted the perspective of many observers.

It might help in understanding our current problems to consider the strategies for adjustment open to Brazil at the oil price revolution. These were basically two, one rapid and the other gradual: chaotic recession or structural transformation. Most of the OECD countries' gave priority to price stability and monetary and fiscal restraint to balance

of payments deficits.

This option was not an easy one and, perhaps, not even a rational one for Brazil. Traditionally, Brazilians have shown a much greater tolerance for inflation than for recession. This is owing partly to the enormous pressure of population growth on the labour market, partly to the inadequacy of unemployment compensation and welfare schemes, partly to widespread techniques of indexation.

The strategy of structural transformation adopted by Brazil yielded both positive and negative results. In the six years since the energy crisis, Gross National Product in real terms has risen by about 7 per cent a year, while non-oil imports have actually declined. Gross domestic investment has averaged 22 per cent of GNP. Exports have increased by over 20 per cent per year, despite the world recession, with about half now composed of semi-processed and manufactured goods.

This strategy implied additional inflationary pressure and increased foreign debt during the adjustment period. For it required import restraint combined with the development of energy alternatives, the substitution of imported goods by local

'Is Brazilian growth with inflation such an unmitigated evil when compared with Western inflation with stagnation?'

production, and incentives, including successive exchange rate devaluations, to export expansion.

Until recently the preservation of output and employment could be said to have outweighed the negative effects of inflation and debt. This is now clearly reversed, as has been recognised by the Government's new economic policies under Sr. Delam Netto, the Planning



Sr. Roberto de Oliveira Campos

Minister. Inflation, now at over 100 per cent on a yearly basis, exceeds even Brazil's broad limits of tolerance. At the same time the level of external debt has created an uncomfortable feeling of financial dependence. Moreover, there is growing consciousness that if tough anti-inflation measures may temporarily curtail employment, the present level of inflation will also deter job creation by discouraging long-term projects and basic investment.

These new perceptions have led to a simplified and more coherent set of priorities—curbing inflation, changing the composition of output in favour of agriculture, which restrains food prices, yields exports and creates rural employment, and developing alternative sources of energy. The rate of growth will have to be adjusted to limits imposed by balance of payment constraints.

If there is consolation to be derived from the recent upsurge in Brazilian inflation, it is that part of it is corrective rather than spiral inflation. It reflects courageous re-adjustments to lagging electricity rates, petroleum prices and exchange rates, which, though they are painful in revealing real costs of the economy, tend

charges on the balance of payments will continue, but dividend remittances are more flexible and more responsive to general economic conditions.

Secondly, the usual figure for total debt does not distinguish between interest and amortisation payments. Interest charges constitute a rigid commitment while amortisation payments, in an expanding country, should be treated as such—can normally be recycled.

Thirdly, though the conventional ratio of debt service to exports is valuable, one should not forget an even more important indicator, the relationship between debt and GNP. Ultimately, it is the size of the global output and its rate of growth that determines the degree of flexibility of the economy in resource allocation. In this respect, Brazil has wider room for manoeuvre than several other developing countries, including some oil exporters. Net debt of \$48bn would represent about 22 per cent of the expected gross national product for 1980. If we think in terms of debt service rather than global indebtedness, the total service on registered debt will be slightly in excess of 5 per cent of GNP and interest payments less than 2 per cent.

Finally, a proper evaluation of the debt burden should take into account the economic resilience and flexibility repeatedly shown by Brazil. It has been able to grow at 7 per cent with a declining input of non-oil imports. It is making substantial advances in developing bio-mass energy. It is one of a few countries which has both a virgin agricultural frontier and uncharted mineral potential. The discovery of the Carajás mineral province in the Amazon area, for instance, encompassing vast resources of iron ore, manganese, bauxite, copper, nickel and gold, may

render possible a quantum jump of exports.

If the evaluation of the Brazilian performance has been somewhat lopsided, what can one say of the standard prescription—"knocking at the door" of the International Monetary Fund?

Technically it should not be difficult to reach an agreement. The Fund's staff appear broadly to support the austerity pro-

gramme which the Brazilian authorities have launched. They would like to see somewhat more flexible interest rates to restore their allocative function and would, perhaps, favour less reliance on price controls, a quicker elimination of subsidies and a tougher wage policy.

Yet Brazil has important political and psychological reasons for shunning the Fund. Despite the Fund's excellent relations with the Brazilian technocracy, the political rupture with the Fund in 1959, at the end of the Kubitschek "developmentalist" government, is still part of Brazilian folklore and still kindles irrational emotions. At that time, both sides were unduly rigid. The Fund was technically right in requiring a realistic re-adjustment of the grossly overvalued exchange rate as a precondition for a viable stabilisation programme. The Government, engaged in a pre-electoral fight, was loth to enact im-

mediately any measure which, however correct, would sharply drive up the sensitive prices of wheat, petroleum and newsprint. Discussions were broken off and nationalist feelings so fanned that rational analysis of the Fund's policies and programmes became nearly impossible.

A long time has passed. Co-operation with the Fund has resumed on several fronts. Hardly any technocrat in Brasilia is still imbued with the "mythology of dependency." But while other countries find it useful to appeal to external discipline, Brazil still finds that monetary and fiscal retrenchment will encounter less resistance if formulated entirely as a national programme and perceived as such.

Thus, while surveillance by the Fund might bring greater tranquillity to some of our hankering friends, in practice the austerity programme would not be very different from the one already set in motion, with the disadvantage that the disarmed sectors might mobilise misguided nationalist emotions to preserve their share of the pie.

What might be desirable is a new and less formal relationship, stronger than the regular country-Fund consultations but less rigid than "stand-by agreements." This should provide a basis for a broad international judgement of policies, but without a detailed surveillance of policy components on a numerical basis often with unrealistic disregard for unavoidable political "trade-offs." It has repeatedly been suggested that part of the responsibility for recycling OPEC surpluses be assumed by the IMF and the funds be used for structural adjustment programmes, under simplified disbursement procedures. Brazil will certainly be very interested in this expanded role of the IMF.

'A proper evaluation of the debt burden should take into account Brazil's economic resilience and flexibility'

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FINANCIAL TIMES

Cleveland

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Profit before tax and extraordinary item	506	952	2,204
Taxation (estimated)	263	495	612
Net profit before extraordinary item	243	457	1,592
Extraordinary item less taxation	76	—	—
Profit after tax and extraordinary item	167	457	1,592
Preference dividend	41	41	81
Ordinary dividend	160	161	402
Earnings per ordinary share	1.6p	1.6078p	4.01947p
Earnings per ordinary share	2.78p	4.15p	15.09p

The interim dividend of 1.6p per ordinary share will be paid on 14th November to members on the register on 6th November 1980.

CHAIRMAN'S STATEMENT

After a reasonable start, second quarter trading proved very disappointing. The six month figures also reflect the disruption caused by our investment programme and the planned reorganisation of Walker & Clark Limited. The latter cost has been treated as an extraordinary item. Quarter three trading showed an improvement and the year's outcome is now dependent on the important last quarter.



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Compassionate line from Carter

By JUREK MARTIN, U.S. EDITOR, IN NEWINGTON, CONNECTICUT

PRESIDENT Jimmy Carter, apparently buoyed by the sense that he is narrowing the gap separating him from Mr. Ronald Reagan, took a softer line against his Republican opponent yesterday.

In a morning campaign appearance before voluntary workers at a children's hospital here, Mr. Carter contended himself with noting Mr. Reagan's historical antipathy to greater health care and security for the aged and infirm.

Sitting on a stool and surrounded by stuffed animals, the President reverted to the folksy style that served him so well four years ago. Speaking softly, he invoked again the verbal images of "love and compassion," contrasting his vision with the implicit hard-heartedness of the opposition.

Later in the day, however, he and Mr. Reagan were due to address the same political dinner in New York City—though separated on the platform by an hour or so—where stiffer jabs may be the order of the day.

But the morning of gentle campaigning in the russet autumnal hues of the Connecticut countryside (a state which went for President Ford in 1976 and where Mr. John Anderson, the independent candidate, is now pressing for Mr. Reagan to join him in a televi-

sion debate. The League of Women Voters, observing that Mr. Anderson's standing in the polls is dropping, is due to announce shortly whether it will issue an invitation for such a two-man confrontation, unlike that last month in Baltimore which Mr. Carter shunned because of Mr. Anderson's presence.

Officially, the Reagan camp is still arguing for Mr. Anderson's inclusion. But if it, too, senses that its lead is dwindling and if it remembers that Mr. Reagan was hurt by not participating in the first candidate debate in Iowa in January, it could change its mind.

Certainly there is a feeling among political professionals that he Reagan campaign has become bogged down. Two recent national polls by Gallup and Harris have found Mr. Carter narrowing the deficit to the three to four points range.

Additionally, in the critical major industrial states of the northeast and midwest, Mr. Reagan's strength does not appear to be growing as it ought as the number of undecided voters starts to decline. Some criticism is now being levelled at Mr. Reagan for maintaining too tight a schedule in these states and for tending to appear only in Republican areas where he is likely to do well in any case.

Mexico to devalue at faster pace

By William Chislett and Peter Montaignon in Mexico City

MEXICO intends to step up the pace of the peso's creeping devaluation from January next year, senior Government officials said in Mexico City yesterday.

The officials declined to disclose the extent to which the Mexican currency would be allowed to fall against the dollar, but said such a move was made necessary by the wide gap between Mexican and U.S. inflation rates.

Mexico is expecting an inflation rate of some 30 per cent this year, while U.S. inflation is running only at about 12 per cent.

The officials said that if no action was taken on the exchange rate, pressure could build up in the longer term for another devaluation along the lines of the 45 per cent drop decided on in 1976. The Government has closely managed the depreciation of the peso since the 1976 devaluation was a grave shock to the Mexican economy and the government officials said that its gradual approach to exchange-rate adjustment was a much more acceptable policy. Already, since March, the peso has been allowed to slip by about 1.5 per cent against the dollar.

The decision to step up this rate has already been taken, but cannot be implemented until January because the Government has agreed with the unions not to introduce measures that would raise domestic price levels until the end of this year.

At the same time, the officials said the Government intends to introduce an economic package in January which will involve increasing domestic petrol prices sharply.

Ordinary grade petrol now costs 2.80 pesos a litre (25p a gallon). The officials pointed out that every one peso increase in the price would increase the revenue of Pemex, the State oil monopoly, by 15bn pesos (£272m) a year.

Elections announced in El Salvador

The ruling military-civilian junta announced in El Salvador on Wednesday that elections will be held in 1982. The announcement came exactly a year after the coup that brought the junta to power. AP reports from San Andreas, Colonel Jaime Abdul Gutierrez, one of the junta members, also announced an amnesty to all guerrillas who would lay down their arms.

Venezuela to supply more oil to Brazil

Venezuela and Brazil have signed an agreement under which Venezuela will supply Brazil with 50,000 barrels a day of oil while Venezuela will purchase 200,000 tons of sugar and 380,000 tons of soy a year. Kim Foad reports from Caracas.

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Salient points from Chairman's Review for the year ended 31st March 1980

Net profit after tax attributable to LMS improved to \$5.7 million (1979—\$5.5 million), despite an increase of \$2 million in the tax charge.

Net rental income from investment properties rose by over 27% to \$4.41 million and is estimated to reach \$5.5 million in the year to March 1983.

Current value of property and other investments is considered to be greatly in excess of book figure.

Much of the group's increasing revenue will be absorbed by expanding property and energy development over the next three years; thereafter, substantial benefits are expected.

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WORLD TRADE NEWS

U.S. GOVERNMENT CONTRACTS

In search of the keys to the kingdom

BY PAUL CHEESERIGHT

ATTRACTING the favours of the world's largest customer—the U.S. Government and its myriad agencies, which have an appetite to purchase everything from feathers to missiles—should become slightly easier at the beginning of next year.

Then the new General Agreement on Tariffs and Trade (GATT) code on government procurement comes into operation. The code is full of loopholes permitting the continuation of preference for domestic suppliers in official procurement policies.

But the U.S. has listed 53 federal departments and agencies where open purchasing policies will apply, and it is thought that this could prize open a market worth about \$20bn a year for overseas contractors. In fact, total U.S. official purchases run at about \$150bn a year.

It is not clear exactly how the GATT code will work in practice, and, indeed, whether

it comes into force at all depends a great deal on the outcome of talks between the U.S. and Japan on which of each other's agencies will be opened to free international competition.

The point about the GATT code is that, if it works, it should draw more overseas companies towards the U.S. official procurement market. The opportunities have always been there for foreign groups with the ingenuity and the patience to grasp them. Both qualities are needed in abundance because of both the complexities of the Government itself and the variety of purchasing procedures.

"The U.S. Government does not act as a monolithic institution with the single purpose of purchasing the best products and services for the best price; rather it is a complex organisation comprised of independent, but interrelated and moving parts responding to a welter of

diverse and sometimes conflicting statutes, regulations, and motivations." That introduction to the market is contained in a manual prepared for businessmen taking part in courses about U.S. Government contracts run by Crown Eagle Communications of London. The manual goes through the gamut of tendering techniques, contract procedures, pricing and quality demands, and the legal niceties with which foreign companies have to contend.

First, though, companies need to know what the U.S. Government is proposing to buy. Here the U.S. Department of Commerce plays a crucial role. Its Commerce Business Daily, published five times a week, lists "proposed procurements, subcontracting leads, contract awards, research and development sources sought, sales of surplus property and foreign business opportunities," notes the manual.

With certain exceptions—national security items and perishable goods, for example—the Department has been directed by Congress to publish all military procurement needs over \$10,000 and all civilian needs over \$5,000.

It is also possible to be placed on the Bidders Mailing List which is run by all procuring agencies. This means that a company would receive notice of any procurement intentions during the time it remains on the list.

But detailed information about contracts is contained in one of two sets of documents. These are the Defence Acquisition Regulations or the Federal Procurement Regulations. The documents come from the agency awarding the contract. It is at this stage that life for the contractor becomes more complicated, and Crown Eagle's manual urges the unknowing to obtain expert legal and technical assistance. The contractor needs to be able to deal with the Government's purchasing terms on their grounds.

For companies outside the Government team may be large—technical specialists, lawyers, negotiators, financial analysts. But whatever the size of the procurement, there is always a Contracting Officer, who has the ultimate control over the solicitation of a contract, its award and implementation. Broadly the contracts will be awarded by one of two methods. The first is done through formal advertising, resulting in the submission of sealed bids to be publicly opened at a specified time. The second is done through negotiation, although the U.S. Government seeks to induce the maximum competition among bidders.

In value terms, the greater amount of contracts are negotiated. In 1976, Crown Eagle's manual says, civilian agencies spent \$12.36bn on negotiated contracts and \$3.6bn on advertised procurement. The comparable figures for defence agencies were \$37.49bn and \$3.2bn.

To safeguard his position in the event of disputes later on, the Crown Eagle manual stresses that any agreement or arrangement made with the Contracting Officer is placed in writing.

Certainly any potential contractor will have to provide a great deal of business and technical information to the Government. Much of this information is exempt from disclosure under the terms of the Freedom of Information Act 1970, designed to promote open government.

But, the manual points out, agencies can be dilatory in protecting information. "Non-U.S. firms should be alert to the possibility that information they may provide in the course of doing business with the U.S. Government is potentially subject to disclosure."

This is one disincentive; of course, but there is another more significant problem for foreign companies seeking to gain a place in the U.S. Government market. This is the Buy American Act, passed in 1933 supplemented by amendments, orders and regulations. Notwithstanding the GATT government procurement code, it still offers preference to U.S. companies in many sectors. It is based on the concept of U.S. self-sufficiency, a feature of U.S. procurement policies and trading attitudes for a century.

Indonesia to help Thailand with oil

JAKARTA—Indonesia has agreed to sell Thailand 300,000 of the extra 500,000 barrels of crude oil it has requested this month to help meet a shortage caused partly by the Iraq-Iran war.

An official for Pertamina, the state petroleum company, said the sale probably would not be repeated. But another Government source said that the Thai would be helped "whenever possible" because they are fellow members of the Association of South East Asian Nations and because of the threat they face from Vietnam.

Indonesia has maintained, since fighting between Iraq and Iran broke out and both countries ceased oil exports, that it could not raise production as suggested by other members of the Organisation of Petroleum Exporting Countries because its facilities are at full capacity.

Indonesia's Ministry of Mines and Energy said that the extra 300,000 barrels for Thailand are available as a result of excess production, not increased production.

AP-DJ

● Malaysia has agreed to supply Thailand with 15,000 tonnes of fuel oil over the next two months and 250,000 tonnes of crude oil by the end of the year. Renter reports from Kuala Lumpur.

The oil is in addition to Malaysia's regular exports to Thailand and will be supplied under the energy co-operation scheme agreed by the five members of the Association of South East Asian Nations (ASEAN). Earlier this month Indonesia said it agreed to supply 300,000 barrels of crude oil at the current OPEC prices to Thailand. The request was made earlier this week when Mr. Park Bong-Hwan, the Energy and Resources Minister, met with visiting Indonesian officials. Indonesia also is understood to favourably consider Seoul's bid to import Indonesian natural gas as soon as Seoul presents a concrete proposal. Seoul is now trying to diversify the sources of its oil imports as it has been heavily dependent on the Middle East, notably Saudi Arabia, Kuwait and Iran.

Malaysia refinery plan

KUALA LUMPUR—Malaysia is to build two refineries to process its crude oil and lessen dependence on imports, Prime Minister Datuk Hussein Onn told Parliament.

At present Malaysia, with reserves of 2.8bn barrels according to the World Bank, sells most of its crude to industrialised countries and imports refined products.

Mr. Dink Hussein said the two refineries, with an output of up to 200,000 b/d would help curb inflation caused by the rising cost of refined oil imports.

The main refinery is to be built at Malacca on the West coast, and would come on stream in 1985. The smaller refinery will be built at Trengganu on the eastern seaboard.

Common Market gets lion's share of British oil exports

BY RAY DAFTER, ENERGY EDITOR

THE COMMON MARKET is receiving the lion's share of UK crude oil exports, according to latest Government trade figures.

During the first eight months of this year UK oil producers exported almost 46 per cent of their 53.07m tonnes of output. Of the 24.3m tonnes of oil shipped abroad, some 16.1m tonnes—two thirds of the total—were exported to other member countries in the European Economic Community.

West Germany is the major Continental user of British North Sea oil. In the January-August period the country's refinery industry imported almost 7m tonnes—about 28.8 per cent of total UK exports and 13.2 per cent of Britain's North Sea production.

Other major EEC users of UK oil are The Netherlands—5.5m tonnes in the first eight months—and France—1.6m tonnes.

In the past some EEC countries, particularly France and West Germany, have applied behind-the-scenes pressure on the UK Government to step up

North Sea production. As it is forestal further pressure in the light of the Iraqi-Iranian war, the Government has been making it known that UK producers have little spare production capacity at present.

Even if the Department of Energy relaxed its restrictions on the flaring (and consequent wastage) of natural gas, UK output could be boosted by only about 50,000 b/d—less than 3 per cent of the current production rate.

So far the Government has not ordered any changes in the production or export pattern of North Sea oil as a result of the Iraqi-Iranian crisis. British National Oil Corporation, the state oil undertaking which handles about two-thirds of Britain's oil production, is continuing to supply its normal contract customers.

The trade statistics show that of total UK exports in the January-August period, worth £2.6bn, only 4.2m tonnes were shipped to the U.S., the world's biggest oil consumer.

Opportunities for Britons in Lomé agreement

BY MARK WEBSTER

THERE ARE excellent opportunities for British enterprises in the Lomé II agreement, Mr. Maurice Foley, deputy director general of the EEC Commission, said yesterday. But they had to have access to the information in London, he said.

Mr. Foley explained that, when tracing information on projects for tender with EEC backing in developing countries he found it "stored in a Board of Trade computer and forgotten."

While there had been some improvements, the British businessman was still worse off than his French counterpart who had daily bulletins on all projects

backed with multilateral aid, including the World Bank and the IMF.

Mr. Foley told an audience at the Royal Commonwealth Society in London that there was "no point in making speeches afterwards saying Britain is not getting its share." Business had to try and get in at the beginning.

He admitted that Lomé II had the "most incredible imperfections" but that it was a start. The second agreement has yet to be ratified by all the parliaments of the nine EEC countries but it will provide £3.4bn in funds over the next five years.

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UK sales to China slip despite orders

BY PAUL CHEESERIGHT

UK COMPANIES are continuing to win contracts in China, but the pace of trade has slackened appreciably and it is now clear that total exports this year will fall beneath 1979 levels.

Credit facilities, backed by the Export Credit Guarantee Department, remain largely unused and there has been no indication so far that the Bank of China wishes to extend them. The slower pace of the UK's China trade reflects the more cautious approach in China towards national development, and bears out yesterday's predictions by the Central Intelligence Agency in Washington that Western business, expecting China to become a vast new market, will have to wait.

The CIA noted that the process of integrating foreign capital and technology into a weak domestic economy "is likely to evolve slowly and encounter foot-dragging or outright resistance from China's conservative bureaucracy."

Recent British contracts have been on a relatively small scale and there have been no repeats of the major mining and petrochemical contracts signed in 1979.

They include: ● The breakthrough into the market on its own account of LANCY efficient treatment of Crawley, Sussex—as opposed to sub-contracting work—with an order worth £104,000; ● The first order won by IMI Rycroft (calorifiers) for heat exchangers to be used in Peking hotels;

● The dispatch of a tandem extrusion coating plant worth about £500,000 by Bone Marham of the John Brown Group to the China National Machinery Import and Export Corporation;

● The provision of design skills and manufacturing technology by R. W. Transmissions, part of the Richardsons, Westgarth group, worth £750,000 to Babcock Product Engineering as part of the latter's contract to provide special gearboxes to China.

Also, the significance of London as a financial centre was emphasised yesterday when China Ocean Shipping signed an agreement for its first commercial loan, of \$25m, arranged by First National Boston and including in the syndicate Midland Bank International.

But an ECGD-backed deposit facility of \$1.2bn (£495.4m) arranged between the Bank of China and seven groups of UK banks in December, 1979, has attracted so far only 33 contracts with a value of \$300m, and no part of the facility has been sought in the last month.

The facility expires in December, and so far there has been no move from the Bank of China to roll it over. This could reflect Chinese reluctance to use conventional credit facilities and a desire where possible to use grants and aid funds instead.

In the first eight months of this year UK exports to China were £123m, compared with £151.8m in the same period of 1979 and £213m for the whole of 1979.

ExIm Bank backs more jet sales

WASHINGTON — The U.S. Export-Import Bank said it will help finance the sale of 14 Boeing and two McDonnell Douglas passenger jets to Canada, Norway and Yugoslavia.

The bank, which finances U.S. export sales, said CP Air of Canada would buy four Boeing 767 jets worth \$180.6m, two DC-10s and six Boeing 737s, valued at \$179.5m.

The bank will lend CP Air \$144.5m at an annual interest rate of 8.7 per cent. Braathens Airtransport of Norway will buy two Boeing 767 jets and related spare parts for \$101.9m. The bank will provide financing of \$73.8m at an annual interest of 9.25 per cent.

Jugoslavenski Aerotransport of Yugoslavia will buy two Boeing 727 aircraft for \$38.8m. The bank will make a loan of \$16.5m at an annual interest rate of 8.5 per cent.

● The Finnish Air Force will buy a number of American Learjet 35-A planes to replace its outdated U.S. DC-3 and Soviet Ilushin 28 stock. AP reports from Helsinki.

● Air Florida has been given preliminary approval as the second U.S. airline on the Miami-London route, Renter reports from Washington. A Civil Aeronautical Board trial judge recommended the route be awarded to Air Florida, as Air Florida's proposed fares and services were superior to the other airlines seeking the route, World Airways.

NEW ISSUE

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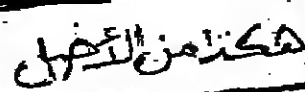
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Do you know about Viceroy's engine?

The new Vauxhall Viceroy is built around a remarkably smooth 6-cylinder 2.5 litre engine, that produces 114bhp. It incorporates features like hydraulic tappets to reduce maintenance, and is designed to give high efficiency and silky power.

Do you know how Viceroy performs?

Viceroy has a top speed of over 110mph and it reaches 60mph in just 11.5 seconds. At motorway speed it's practically silent because executives like to hear themselves think. But although it's a luxury express, Viceroy isn't profligate. At a steady 56mph it can achieve 33.2mpg.

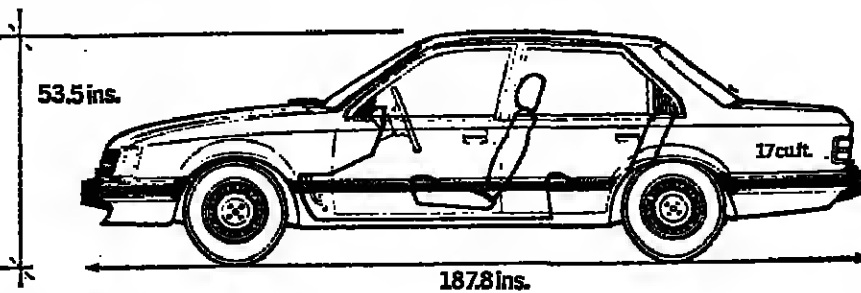
Do you know that all Vauxhalls are praised for their sheer driver appeal?

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Do you know about Viceroy's spaciousness?

Viceroy is long, sleek and low. And its interior space makes four or five top people very comfortable. But Viceroy is still compact enough to hustle easily through heavy traffic. We can arrange for you to see for yourself. Just contact your local Vauxhall dealer.



If it's your job to know about cars, how much do you know about the new Vauxhall Viceroy?

Do you know where Viceroy fits in the Vauxhall range?

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From £6098

THE NEW VICEROY
NEATLY FILLS THIS SPACE

VICEROY
£7864



THE ROYALES
From £10,524



Viceroy is designed to complete the Vauxhall top of the line executive range. It slots very neatly between the Carlton 2000's starting at £6098 and the Royales starting at £10,524. It also means that Vauxhall now have five entirely individual cars in this sector, including the roomy Carlton Estate. Most manufacturers just offer you different engines and different specifications. Vauxhall offer you different cars.

Do you know about Viceroy's luxury specification?

Naturally a car in this class is designed to pamper its driver. Viceroy is no exception. There isn't room here to detail all the features. For that you'll need the new Viceroy brochure, but here are a few items to tempt you.

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✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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UK NEWS

Oil product prices 'will rise 15-20% next year'

By Martin Dickson, Energy Correspondent

INDUSTRY must expect price increases for all fuels to be above the general level of inflation in 1981, on top of the sharp and controversial increases suffered during the past year, according to an energy research bulletin published today.

The study, by the independent Cambridge Information and Research Services, says companies should plan for oil product price rises of between 15 and 20 per cent next year as the world supply surplus diminishes.

It says that the price war seen during the summer at petrol pumps has not been reflected in the depressed industrial and commercial fuel oil markets, although industrial prices have shown greater stability in recent months.

The bulletin says that product prices, as finalised in medium-sized new or renewed contracts, are averaging about 37.5 pence per therm for gas oil and 24.5 pence per therm for heavy fuel oil.

But with the Gulf war threatening to end the world crude surplus and spot prices rising, industry's prospects for better contract terms are receding.

The bulletin adds that other fuels give little grounds for comfort with stiff Government-imposed financial targets allowing the coal, electricity and gas industries little scope for price manoeuvres.

Texaco begins preliminary work on North Sea oilfield

By RAY DAFTER, ENERGY EDITOR

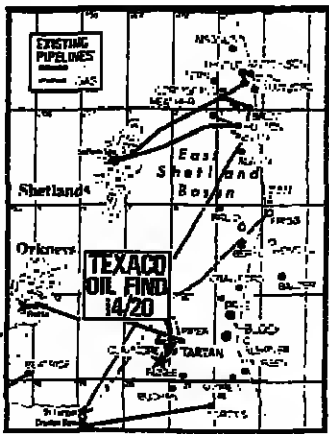
TEXACO has begun preliminary development work on a North Sea oilfield after tests on its latest successful well.

The work may cost over £200m and add 25m to 50m barrels of recoverable oil to UK commercial reserves, according to industry estimates.

Texaco said that while it had still not finally decided on development of the unnamed field it was sufficiently encouraged to begin preliminary design and costing work. It expected that the reservoir would be exploited through a floating production platform, similar to the £250m facilities chosen by Occidental for development of the nearby Claymore Field extension.

It is likely that the production equipment will be linked to Texaco's Tarnan Field platform in the adjoining block and that the oil will be transported to the Flotta terminal in the Orkney Islands via the Piper-Claymore pipeline.

The latest well drilled on the Texaco concession, Block 14/20, some 110 miles north-east of Aberdeen, produced at the rate of 4,070 barrels a day through



A 1-in. choke.

The light, high quality oil of 34.5 degrees API gravity was extracted from a depth of 9,800 ft.

The well, drilled from the Ocean Kokuai rig, was the 13th to be sunk on Block 14/20, and was 3,000 ft north-west of the previous well, which flowed at a rate of 6,000 b/d.

Texaco said that both the 12th and 13th wells had been temporarily plugged so that they could be used for production at

a later date. After the drilling of the 12th well, the stock-brokers Wood, Mackenzie estimated recoverable reserves in the area to be 20m-40m barrels.

The first discovery in this area of Block 14/20 was in 1978, when a well was tested at a rate of 3,286 barrels a day.

A year earlier Texaco discovered oil in a separate reservoir in the south of the block. The company said yesterday that the reserves identified by these two wells were also candidates for inclusion in the production scheme under study.

Texaco, however, has a more pressing problem. It is still trying to bring on stream its 250m-barrel Tarnan Field, originally due to begin production this spring.

Last-minute development hitches could delay this start until the new year. Cost of developing Tarnan is estimated at between £250m and £300m.

● A contract worth about £8m, has been won by GEC Gas Turbines for three industrial gas turbine units for electricity generation and gas compression on Mobil's Beryl Field "B" platform in the North Sea.

Opening of Parliament postponed for a week

By Ivor Owen

THE PROBLEMS the Government has encountered in the Lords with its Local Government Bill have forced the postponement of the State opening of the new session of Parliament by a week until November.

The Local Government, Planning and Land (No. 2) Bill has encountered unexpectedly determined opposition from all quarters in the Lords. A long and complex measure which, according to some of its critics, is equivalent to six Bills in one, it has provoked a bitter attack for the sweeping powers it will give. Mr. Michael Heseltine, the Environment Secretary, to force local authorities to cut back on their spending.

Pears, some working in close concert with local authority associations which bitterly oppose the bill, have been connected with the advanced features on the new exchange.

Like a computer, Monarch inevitably had software problems which would have had to be sorted out, although this is

taking longer than expected. It comes at a particularly difficult time for British Telecom because there is a chronic shortage of small automatic exchanges, even of the most primitive electro-mechanical type.

Monarch, developed by British Telecom's research centre at Martlesham, is manufactured by two of its main suppliers, GEC and Plessey.

It is not clear what the initial orders for Monarch are, but British Telecom announced a follow-up order of £45m earlier this year.

EEC Ministers to discuss doubling the duty on beer

By GARETH GRIFFITHS

PROPOSALS to double the duty charged on beer in Britain as part of a Common Market package harmonising taxes on drinks are to be discussed by EEC Finance Ministers in Luxembourg later this month.

The meeting, on October 27, is to discuss a Luxembourg Government proposal that wine be taxed at a rate three times that of beer quantity for quantity. At present the ratio in the UK is in excess of five to one.

Duty on beer in the UK is £13.03p per hectolitre (100 litres) and for light wine £81.42 per hectolitre. The EEC Commission has claimed that this amounts to illegal discrimination against wine, a view endorsed by the European Court of Justice to which Italy had

complained. The UK Government has maintained that wine and beer are drinks which do not compete with each other and that the measures in which they are sold are different.

Customs and Excise officials estimate that the Luxembourg proposals would mean the duty on beer doubling from 8p a pint to about 16p a pint. The increase would be phased over five years from 1982. At current prices and duty rates, that would mean an extra 3p per pint in duty every year over and above other increases during the phase in period.

The European Court of Justice has set December 31 as the deadline for the Government to reach a decision.

The Court, in a preliminary judgment in February, found the UK had a "tendency to

protective leanings over wine imports" and had broken Article 85 of the EEC Treaty by giving preferential tax treatment to home produced drinks over similar or competing drinks from other member states.

The UK Government has not accepted the principle that its taxes are discriminatory. It argues that the different levels of tax have not stopped the strong growth in wine sales, which have increased at a faster rate than beer sales.

Wine consumption in the UK has boomed during the past 10 years from 21m gallons of light wine cleared from bond with duty paid in 1970 to 57m gallons in 1979. Consumption per capita rose by 65 per cent.

Beer sales have shown a much less dramatic growth apart from lager.

Computer phone exchange delay

By JASON CRISP

THE POST OFFICE'S long-awaited modern digital private telephone exchange to replace the out-dated electro-mechanical equipment, also in short supply, has been delayed by software problems.

The new sophisticated computer-controlled exchange, Monarch, has been delayed because British Telecom's engineers have had problems to iron out. These are thought to be connected with the advanced features on the new exchange.

Like a computer, Monarch inevitably had software problems which would have had to be sorted out, although this is

taking longer than expected. It comes at a particularly difficult time for British Telecom because there is a chronic shortage of small automatic exchanges, even of the most primitive electro-mechanical type.

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It is not clear what the initial orders for Monarch are, but British Telecom announced a follow-up order of £45m earlier this year.

Originally timed for spring this year, the first deliveries of Monarch were postponed to September, and then again to next month. Although not all the software problems have yet been solved, British Telecom is sticking to November as its target for first deliveries in Central London.

Because of the great shortage of private exchanges with fewer than 100 lines where it is the monopoly supplier, British Telecom is buying small exchanges from Mitel, a rapidly growing Canadian telecommunication company.

Ethane shortage could hit Esso chemicals plant by 1990

By SUE CAMERON, CHEMICALS CORRESPONDENT

THE U.S.-BASED Esso group yesterday admitted that the huge £380m chemicals plant it is planning to build at Mossburn in Fife, Scotland, could start to run short of North Sea gas feedstock in 1991 or soon after.

The 500,000 tonnes a year plant, being built in conjunction with Shell, will produce ethylene—the so-called building block of the chemical industry—and will use ethane gas from the Shell/Esso Brent field as a raw material.

Brent is the biggest oilfield in the UK sector of the North Sea and has large quantities of associated gas. But Esso Chemicals said it would not be able to supply sufficient gas for the Mossburn plant beyond the early 1990s.

Esso Chemicals is one of the companies fighting for a share of the natural gas liquids—NGLs—that will be brought ashore by the new gas pipeline now being planned for the North Sea. The company is expected to use the threatened shortfall of gas at Mossburn as a major argument in the battle to obtain supplies from the new gas gathering system.

The major contenders for NGLs from the new line are Esso Chemicals, Shell Chemical, Imperial Chemical Industries and BP Chemicals. All of them want the gas liquids to be taken south for use in their plants.

But the U.S.-based Dow group wants to use the ethane from the planned gas gathering system to feed an ethylene plant that it hopes to build at Nigg Bay on the Cromarty Firth.

Highland Hydrocarbons, a UK-based company, also has plans to build a chemicals plant at Nigg. The U.S.-based Occidental group has expressed interest in establishing an ethylene plant at Peterhead.

Esso Chemicals plans to build £200m worth of downstream plants at Mossburn. They will produce plastics raw materials and will use ethylene as their raw material. Esso is not expected to make a final decision on the building of these other plants until next year.

Mr. Jimmy Knox, newly appointed director of Esso

Chemicals with special responsibility for the Mossburn project, hinted yesterday that the decision on the plastics plants could be delayed if the company fails to obtain new supplies of ethane from the projected gas pipeline. But he stressed that the "time pressures" were "not very great."

Shell and Esso between them will own between 5 per cent and 10 per cent of the gas that will be brought ashore by the new pipeline. The pipeline project was given the go-ahead by the Government in June this year.

Esso plans to spend about £1.5m a day on exploration and production by the middle of the 1980s. By 1983 it expects to be investing a further £500,000 to £600,000 a day on onshore manufacture and distribution in the UK.

Shell and Esso are planning to spend a total of £400m on the development of their Central Cormorant oilfield in the North Sea. A final decision on the plan will be made next year but they have already approved initial spending of £130m.

No trains over Christmas

NO TRAINS will run in England and Wales on Christmas Day or Boxing Day this year. British Rail said yesterday that demand for public transport on Boxing Day was expected to be too low to justify the £800,000 cost of running.

Future Boxing Day services would be reviewed each year.

Scotland will have a limited Boxing Day service but no trains on Christmas Day.

Concorde fare cut

BRITISH AIRWAYS will offer half-price rates on Concorde flights to and from the U.S. for members of families accompanying a full-fare passenger. For Concorde London-Washington flights from now on, and for Concorde New York flights from November 3, any full-fare-paying passenger can take one near-relative for half price. Single fare on Concorde to New York is £837 (return £1,593) and to Washington £844 (return £1,606).

1980 sovereigns

A LIMITED ISSUE of 1980 dated proof half-sovereigns and four-coin sets was made available by the Royal Mint yesterday. That is the first time the collecting sets, containing the gold £5, £2, sovereign and half-sovereign, have been on sale to the public since 1937.

Good prices paid for Islamic art

IT WAS Christie's turn to sell Islamic works of art yesterday as it disposed of manuscripts and miniatures for £162,194 and rugs and carpets for £132,070. Gwyneth paid £7,500 for a Mughal miniature of about 1680 showing sages in religious discussion; a Qajar miniature Qur'an of about 1880 made £6,500; and Spink gave £6,000 for a drawing of the King of the Forest, Mughal, circa 1800-10. A private buyer bought a pair of antique Kashan mochtasban

SALEROOM

By ANTONY THORNCROFT

rugs for £12,500 while a silk Heriz carpet sold for £5,500 and an antique Kirman carpet for £7,500.

Christie's South Kensington is disposing of the remaining contents of the Rottingdean home of the writer Enid Bagnold. On the first day a view of the local Downs by Sir William Nicholson made £1,300 (as against eight guineas at Christie's in 1923) and an ink drawing of Enid Bagnold by Sickert, of 1913, sold for £900.

There were some exceptional prices paid for English furniture at Christie's in New York on Wednesday. The local dealer Verna and Jussel paid £52,083 for a Queen Anne burr walnut and parquetry bureau bookcase while George III mahogany side table sold for £11,886 and early George III mahogany bookcase for £10,833.

Phillips in London sold costumes and textiles yesterday. A Chinese cover of Imperial silk fetched £900 and a 19th century North Indian brocade sash exceeded its forecast at £580. A 17th century Turkish muslin panel was bought by Mayores, a London dealer, for £350.

Sweet producer cuts jobs

CALLARD and Bowser, Nuttall, the confectionery subsidiary of the Guinness group, is to close its Doncaster factory with a loss of 125 jobs.

The plant produces Minties and nougat and some production will be transferred to Halifax.

Mr. John Terry, Callard and Bowser, Nuttall's managing director, blamed value added tax for confectionery and the recession.

Callard and Bowser, Nuttall's decision comes three weeks after Nestle announced it was leaving the sugar confectionery and preserves business with a loss of nearly 600 jobs. Cadbury

Schweppes, too, is to reorganise its chocolate and confectionery business with a loss of about 3,000 jobs.

● Mr. Robert Wadsworth, president of the Cocoa, Chocolate and Confectionery Alliance, said yesterday that VAT was a major factor in the slump of sweets and confectionery in the British market this year.

● Bachelors Foods is to stop dehydrating peas and beans at Sheffield and Workson to cut costs. Bachelors, a subsidiary of the Beecham Group, said it would contract out its dehydration work.

No redundancies are planned from the factories.

Worry over Ulster jobless

NORTHERN IRELAND's high unemployment level is not expected to show any decline until 1982, says the Northern Ireland Economic Council.

Sir Charles Carter, chairman, said the prospects for the region's economy in the next year were "deeply worrying."

An early improvement in business confidence was essential if an already bad situation was not to deteriorate more rapidly, he said. The report urges a drop in interest rates and the tightening of controls on the import of man-made fibres and carpets.

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Surprisingly, the price you pay for a new truck will most likely be no more than 15% of your total outlay over its lifetime.

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It's figures like this that make it vital for an operator, whatever his business, to be constantly aware of his vehicles' operating costs, and only with this exact and regular information will he be able to ensure that his vehicles are performing at peak efficiency.

The monitoring of operating and performance costs can also help with the planning of an operator's future, answering questions like: Are you using the right vehicle on the job? Have you got your fleet composition right? Should you buy a smaller or larger vehicle? With these figures the efficiency of both your

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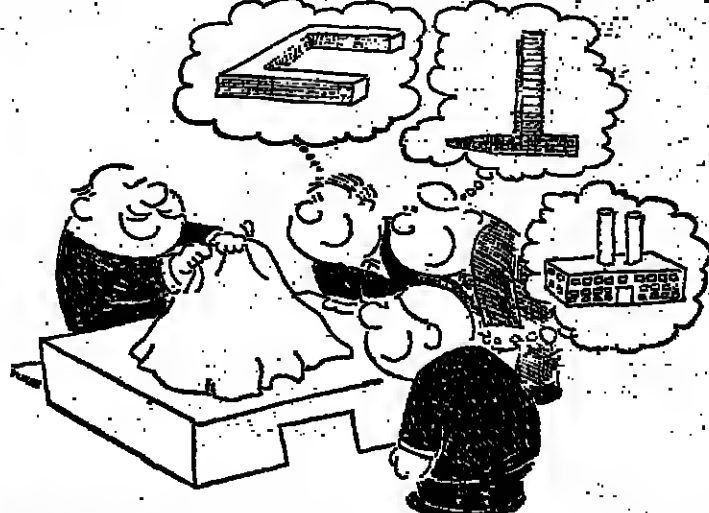
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UK NEWS

Cut in interest rates call by SMMT president

BY JOHN GRIFFITHS

A CALL to the Government to rethink the "shock treatment" of its economic policies and cut interest rates was issued last night by Sir Bernard Senti, president of the Society of Motor Manufacturers and Traders on the eve of the opening of the Motor Show.

He said that restoring monetary discipline had been an important factor in "making us all face realities," but warned that constraints on the motor industry's future capabilities had assumed serious proportions. "To maintain high interest rates when there is no longer an industrial justification for them contributes to the inflation they were designed to cure," he said.

Sir Bernard said that it was no longer the inefficient companies or those where industrial relations were poor which were suffering.

Terex will prosper, says buyer

By Ray Porman, Scottish Correspondent

THE TEREX earthmoving equipment subsidiary of General Motors, which has had substantial losses, should break even next year and make profits in 1982, Herr Horst-Dieter Esch said in Glasgow yesterday.

Herr Esch, chief executive of the West German IBH group, which takes control of Terex from January 1, added that he expected to increase sales well above the \$550m (£220m) reached by Terex last year, and in cut overhead costs.

There would be few redundancies in the three Terex plants at Newhouse, Scotland; Hudson, Ohio; and Belo Horizonte, Brazil, mostly among administrative staff.

At Newhouse, which is on a four-day week, he expects production to be back to normal fairly quickly, and productivity increases automatically following increased sales.

He personally believes that the best motivation for the workforce is a successful sales organisation.

"He knows then that the faster a machine is made, the more quickly he will be laid off."

The sale to IBH has been welcomed by unions, which feared that General Motors planned to close the Scottish plant.

Herr Esch believes that the three principles on which he runs IBH, sole concentration on the construction equipment industry; selling only through independent dealers; and decentralised management with a very small holding company staff will be sufficient to turn Terex round.

position that, because they have made major investments in new products and new technologies in recent years, they are deprived of sales potential by a combination of the general state of the world economy, the high value of sterling and the downward turn in the economy," he claimed.

He called on the Government to use a large part of Britain's "North Sea gold" to rejuvenate the motor industry and other sectors.

He said the target should be to foster a domestic car market of 2m cars and 400,000 commercial vehicles a year.

Britain's motor industry was producing at close to this level in 1972, but had steadily deteriorated to the point where about 900,000 cars were expected to be made in the UK this year.

The target figures would restore the UK to reasonably

even terms with continental industries, putting the UK market ahead of Italy, level with France and bringing it to two-thirds the size of the West German markets.

Sir Bernard also protested against what he termed "discrimination" by the Government against the industry in its tax treatment of motor vehicles.

"Our industry is still being discriminated against by means of the special car tax (equivalent, with VAT, to a tax of 30 per cent—or double other rates) and the ban on companies recovering value added tax," he said.

Government revenue from motor vehicles reached £5.5bn last year, of which VAT on cars alone was £750m and car tax — "this naked discrimination" — £515m. The Government claimed Sir Bernard "owes us a bit of back pay."

'Motor industry must take technology lead'

BY OUR MOTOR INDUSTRY CORRESPONDENT

THE EUROPEAN motor industry must take a technological lead, if it is effectively to tackle the threat from Japan, Mr. Michael Hinks-Edwards, assistant director of the Paris-based Euroeconomies group, said yesterday.

The Japanese would "knock the spots off" the European industry for the next three or four years, but then the Europeans' advanced technology should change the position, he said.

However, Mr. Hinks-Edwards predicted the Japanese would take 15 to 20 per cent of the Western European car market by 1985—compared with 7.5 per cent last year—"unless there is some protectionism." He indicated that the Germans, the last supporters of total free trade in the European car industry, were currently "running for cover."

He was speaking at a conference in Birmingham on the Vehicle of the Future organised by the Society of Motor Manufacturers and Traders and consultants A. T. Kearney.

Mr. Brian Knibb, manager of Kearney in the UK, predicted the number of motor component suppliers in Western Europe would fall by a third by 1990.

Part of the reduction would come from mergers and from companies giving up the com-

ponents business. But there would also be failures.

Mr. Knibb said the vehicle makers would reduce the number of outside suppliers they used but would purchase more specialised and technically advanced products outside.

They would also place more reliance on the companies supplying these high technology parts.

As a result, the size of the original equipment market in Europe was likely to remain at about the £18.5bn a year level for the next 10 years.

There would also be less reliance on parts made in the country in which the vehicle assembler operates. The proportion of the components sourced internationally within Europe was likely to rise from 10 to 23 per cent over the period.

According to Mr. David Andrews, executive chairman of BL, the relatively conservative process of evolution of the motor vehicle in the recent past will be overtaken by a rapid technological revolution in the next five to 15 years.

The application of time, money, effort and brains is so great and so widespread that it was bound to have profound effects on the vehicle as we know it.

Peugeot buys British

PEUGEOT is to step up its purchases from the UK in a move which the French-based group said yesterday could be worth millions of pounds in new business to Britain's components industry.

Mr. Robert Lansard, purchasing director of the PSA Peugeot group, which controls Peugeot, Citroën and Talbot said at the Motor Show yesterday that a group purchasing organisation

had been set up to cover the requirements of the group's 80 automotive car plants in France, Spain and the UK which, by 1985, would have the potential to make 2m vehicles a year.

"As long as we enjoy an appreciable market in the UK then we want to encourage reciprocal business with UK suppliers. This is a matter of company policy and we are assembling the organisation to carry out our intentions."

White-collar dispute increases threat to Mini Metro

BY PHILIP BASSETT, LABOUR STAFF

THE OFTEN troublesome issue of BL manual workers' pay has been overshadowed by the threat to the new Mini Metro from the unlikely source of the company's usually peaceful 22,500 white-collar staff.

BL resu mesitis pay talks today with leaders of the 73,000 manual workers, who have rejected the present 6.1 per cent pay offer. But to the fore in the company's mind must be the talks with the white collar unions over redundancies.

The four white-collar unions have imposed an overtime ban throughout the company in response to its decision to implement 3,300 compulsory redundancies across the range of its staff. The company has given the unions the five-day notice required under its own agreement of its intention to enforce the redundancies from November 21, fulfilling the statutory 90-day notice required by the Department of Employment.

BL says that the cut in white-collar numbers has failed to match the 18,000 reduction in the number of manual workers over the past 12 months as part of the recovery plan of Sir Michael Edwards, the BL chairman. Only 1,100 staff have put themselves forward for voluntary redundancy of whom some 900 are acceptable to the company, which obviously does not want to lose key design and engineering staff. The company's aim is to axe 4,200 posts.

The company yesterday began to send letters to every white-collar employee explaining the decision, emphasising that the planned reduction of salaried manpower is an essential element in the reduction of overheads to a level the business can afford.

The letters also warn in a way the unions describe as "blackmail," that if employees take part in the projected industrial action, the ex-gratia redundancy payments normally made by the company in addition to its statutory redundancy obligations could be in jeopardy. The ex-gratia payments, to a maximum of six months' pay for 21 years' service, have been made to all redundant employees who have gone as part of the present demanning exercise.

The unions are bitter that the redundancies would come at a time when it would be particularly difficult for those affected to obtain other work. They object, too, that a large amount of overtime is being worked, and claim that the cuts will not save money, since overtime will have to be increased to cover the necessary work.

Labour relations in the unions and Mr. Ray Horrocks, BL's managing director, has been arranged for next week, though BL was insisting yesterday that the meeting was not part of its redundancy notice procedure and it would not be a negotiating meeting.

BL has warned that an overtime ban throughout the company could affect its performance at a crucial time in the finely-balanced recovery plan, and that thousands of other jobs in the company will be at risk.

With the support of members of the Association of Professional, Executive, Clerical and Computer Staff, whose 7,000 BL members are likely to bear the brunt of the projected cuts, though, the threat to the Metro has become more real.

APEX members operate the computer systems which order materials for productions of the Metro.

Glitter cannot disguise motor industry problems

THE Birmingham Motor Show, which opens to the public today, provides a constant reminder that trucks, buses and other commercial vehicles, components and accessories are an integral part of a successful industry. All the various activities rub shoulders throughout the exhibition halls.

But if the Press and trade days are anything to go by, this show has one outstanding attraction—BL's Metro. It has been given an enthusiastic and even emotional reception, and has attracted the biggest crowds.

Part of the reaction flows from the fact that Metro is locally made and a large percentage of visitors to the show so far have been from the Midlands. Some have already nicknamed the car "The Brumbug" to honour the town where it is made.

This kind of local enthusiasm, if it continues, will pay a vital part in keeping quality and reliability at the Longbridge plant where the Metro is made up to reasonable levels.

Labour relations in the UK industry have certainly improved in recent times. At the last Birmingham show two years ago, the Ford stand stood empty because of an industrial dispute.

Both Sir Michael Edwards, BL's chairman, and Mr. Ferdinand Bekker, president of Vauxhall, used the platform provided by the show's Press day to emphasise the "revolution" in the attitude of their workforces.

Sir Michael said that on 88.2 per cent of the working days this year there had been no disputes within BL. He urged the media to "give the workforce the kudos they deserve."

He might be reconsidering today now he has problems with his white collar unions.

Mr. Sam Toy, the new chairman of Ford, who only a week or so ago warned the Halewood workforce about output of the Escort there, reported there

had been the dramatic improvement he had asked for and that output was on schedule at an average of about 500 cars a day. But there must still be lurking doubts that the "revolution" might be a symptom of a recession in the industry rather than a permanent change of attitude however.

As for the retail end of the business, there have been persistent and worrying reports from BL's distributors at the show that they cannot get even a minimum supply of Metros. Sir

new Escort and the low-cost Chevettes are being launched at a time when the car business in the UK is in some disarray, even though the slump in sales is no more than was expected at the beginning of 1979.

The industry forecast is 1.31m registrations this year against the record 1.71m in 1979.

Most of BL's competitors blamed the state-owned group for the problem in the retail market.

Mr. Toy said he hoped that with the launch of the Metro, "there will be a return to orderly marketing."

He said the profits of Ford's 393 main dealers in the UK this year would be down by two-thirds from the 1979 level. The dealers would be paying 50m in interest charges in 1980, twice the amount for last year.

Mr. Toy's views would certainly be supported by Mr. George Turnbull, chairman of Talbot UK. He reckons most of the £18.6m loss he reported for the first half of the year was caused by the need to give his dealers financial support.

The consensus of opinion here seems to be that demand for cars will not pick up again for at least nine months and then by not very much.

If the Government wished to help the industry, it should get interest rates down. Mr. Beickler said the next eight to 12 weeks would be crucial and Vauxhall might have to extend short-time working.

On the face of it, the industry has not done too badly in the first eight months of this year—turning in a surplus in motor industry products of £127m against a trade deficit of £166m for the same period of 1979.

But the real test of the apparent recovery will come with the next boom. And we might have to wait beyond the next Birmingham Show in 1983 to see that.

Kenneth Gooding looks at the state of the UK motor industry in the light of the Birmingham Show which opens to the public today.

Michael said that 10,000 had been built by last Friday. But where are they?

There was a timely reminder that the Metro will not be given a free ride in the UK by the even if it does mean life or death to BL's Austin Morris division.

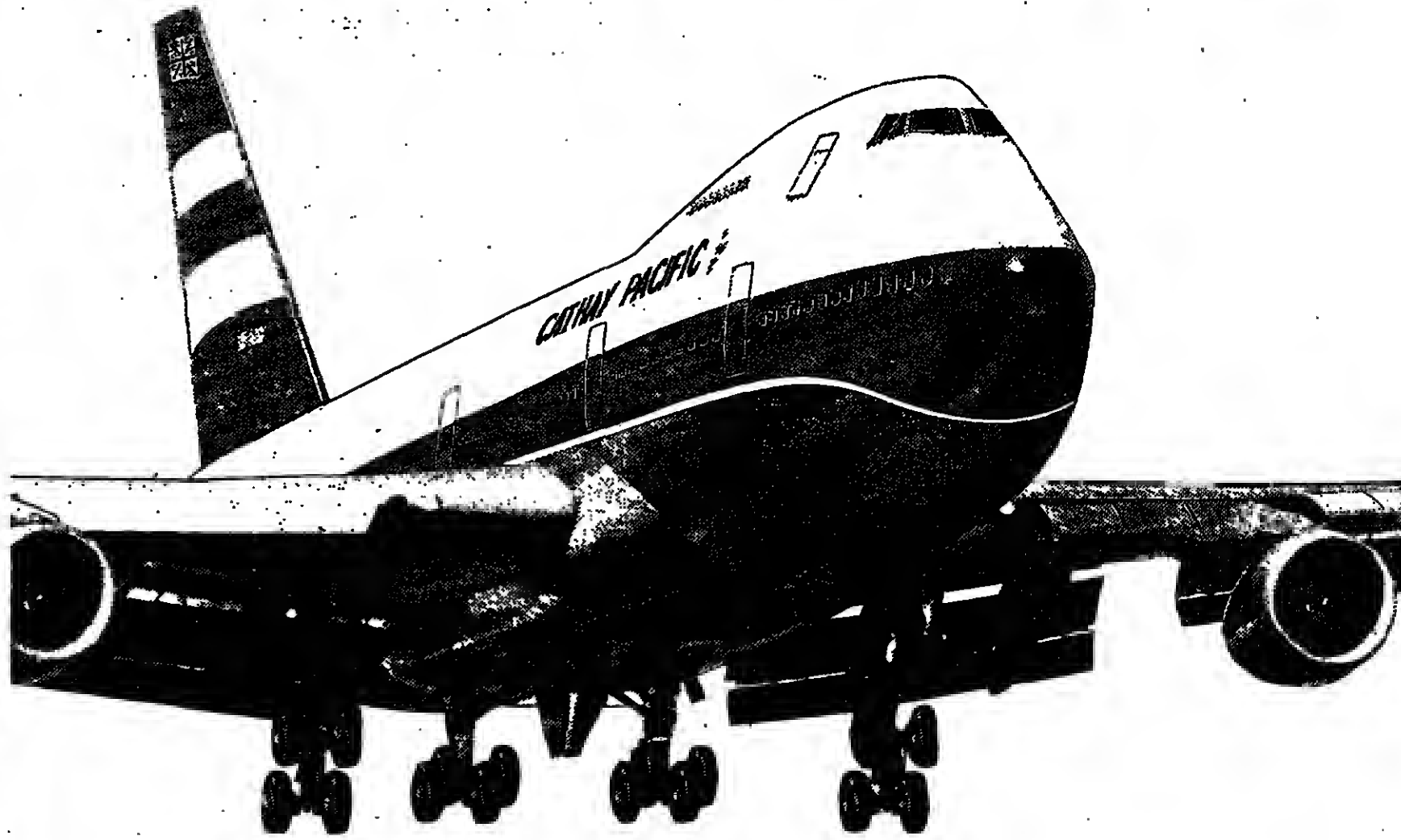
Vauxhall's announcement that it was introducing two Chevettes each costing under £3,000 proved that.

Mr. Des Savage, Vauxhall's director of marketing, assured me that Vauxhall certainly will produce some of these cars in spite of some scepticism among his rivals.

Vauxhall and its dealers will have to take a cut in profit margins to get the cars on to the market as such low prices. This would account for the unenthusiastic remark by one dealer: "If they send me one, I'll nail it to the showroom floor."

There have been constant reminders that the Metro, the

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UK NEWS

Top salaries match inflation

BY ARNOLD KRANSORFF

MORE OF BRITAIN'S top managers are receiving fringe benefits than in 1979, despite the tax cuts introduced by the Government last year. This emerges in the latest Inbuco survey of executive salaries, published yesterday.

The management consultancy group's survey also shows that managers' salaries have generally kept in line with inflation in the year ended last June, although bonus payments have become a little scarcer.

High levels of income-tax have for many years been blamed for the proliferation of fringe benefits. Organisations like the British Institute of Management have often argued that, given the choice, their members would prefer salary to benefits. Yet the survey shows that in the past year more managers were given cars, free

medical insurance and Top Hat pension schemes.

The survey may, however, not fully reflect the effects of tax cuts on the pattern of fringe benefits since many companies would probably have already drawn up their salary and benefit programmes for 1979-80 before the tax cuts came into force. Thus, a different picture may emerge next year.

The survey reveals that more than 72 per cent of managers now have a company car—about 3 per cent more than in the previous year and 11 per cent more than in 1975. The main professional categories which benefited were personnel and production executives. Inbuco estimates that a company car is worth about £2,000 a year, on average.

Nearly 58 per cent of managers are getting free private health

insurance, a rise of more than 7 percentage points on a year before.

Inbuco says that managerial salaries have risen by about 19 per cent during 1979-80—almost exactly in line with inflation.

A managing director now earns £23,081 while other directors earn £16,568. Chief engineers, 56 per cent of whom have company cars, now earn £14,483.

The survey shows that 37 per cent of senior executives received a bonus during the year—7 percentage points fewer than in the previous 12 months. The value of the bonus, however, was 13 per cent higher on average at £1,509, though as a percentage of gross salary the figure dropped from 12.5 to 11.6 per cent.

Over a four year period from July, 1976, managerial salaries

have more than kept pace with inflation. At the net level, salaries increased by 89 per cent compared with a gain in the retail price index of 71 per cent. Inbuco examined 30 executive jobs covering 669 companies and 8,200 individual executives.

A separate look at salaries in Scotland shows that the typical company executive is now earning more than £12,000 a year and probably drives a company car. But he still lags behind his English counterpart. The average salary is now £12,244. Managing directors are earning between £13,650 and £34,891.

Survey of Executive Salaries and Fringe Benefits. Inbuco Management Consultants, Knightsbridge House, 187, Knightsbridge, London, SW7 1RN. Price £80.

Tax fight to rely on old royal charters

By Raymond Hughes, Law Courts Correspondent

ROYAL CHARTERS dating back to the 15th century will be relied upon by a Jersey company challenging a £15m tax claim on the estate of the late Sir Charles Clore, the High Court was told yesterday.

Styde Investments (Jersey) is to ask the court to rule that the court has no jurisdiction, or should assume none, to deal with an action by the Inland Revenue arising out of the claim for capital transfer tax. Mr. Peter Taylor, for Styde, told Mr. Justice Fox that one of the questions would concern the constitutional relations between the UK and Jersey. They were contained in Royal Charters and other legal documents ranging in date from 1332 to 1687.

It would be necessary for the documents to be examined by experts and evidence would be required about the international obligations contained in the charters.

Also, evidence would have to be taken from Styde directors scattered throughout various countries. With the Revenue's consent, the time in which Styde has to lodge its challenge with the court was extended until November 14.

Earlier this month the Revenue was granted a temporary injunction stopping Styde removing any of its assets from the UK. The order was made in an action in which the Revenue is asserting that Styde is legally obliged to deliver accounts relating to the sale for £20.5m of the Guy's Estate in Herefordshire, the largest item in the English estate of Sir Charles, who died in July last year.

The Revenue also seeks an order that Styde must pay CIT, assessed at more than £15m, on the sale proceeds, which have been transferred to Styde in Jersey.

Styde denies that it is under any such obligations.

'A rum business' at Courage

By Raymond Hughes

A DISPUTE in which the Bacardi rum company alleged that other rum was substituted for its product in Courage public houses has flared up again.

Bacardi has started a High Court action in which it alleges that Courage has broken an agreement under which the dispute was settled in April last year.

Bacardi's application for a temporary injunction restraining Courage from supplying liquor not connected with Bacardi, in response to orders for Bacardi or Bacardi rum, has been returned by the court until November 13.

Mr. Hugh Laddie, for Bacardi, said it had tested a large number of Courage outlets and found substitution of another white rum at a fair number.

Mr. Stanley Brodie, QC for Courage, which by agreement was granted an adjournment to prepare its evidence, told Mr. Justice Vinelott that Courage did not accept that there had been any substitution, but it would take some time to investigate the 50 or 60 public houses involved.

Bacardi is suing Courage, Courage Brewing, Courage (Western) Courage (Eastern), Courage (Central) and John Smith's Tadeaster Brewery. It seeks injunctions against passing-off and breach of last year's agreement, and an inquiry into the amount of damage it has suffered.

In March last year Bacardi alleged that Dr. Cane rum was served without explanation in response to orders for Bacardi rum in several Courage licensed outlets.

Intasun boosts overseas tours capacity by 12½%

BY JAMES McDONALD

INTASUN, Britain's third biggest package tour operator, is increasing capacity on its overseas holidays programme next summer by about 12½ per cent over this year's total, even though it believes there will be a glut of package holidays on the UK market next year.

Thomson, the British market leader, Cosmos and Horizon have already expanded next summer's programmes by 15 to 20 per cent.

But Intasun, which claims that its holidays will be cheaper in real terms since prices on average will only be about 5 per cent higher than in 1980, believes that it will not suffer. "We are confident that we are again well placed to secure growth," Mr.

Harry Goodman, the group's managing director, said in London yesterday.

On the basis of tour operator programmes published so far, he estimated, there will be more than 500,000 more air holidays on offer for next year than the 3.7m holidays which he believed were taken up this year.

"All current indicators lead me to believe that our industry should not plan on a bigger market, and will be trading in conditions which will be substantially in excess of demand," he said.

Intasun—which opened Miami to mass British travel this summer, taking about 100,000 Britons there—maoaged

a "highly profitable" low factor of 93 per cent on its package tours this year, selling 375,000 of the 400,000 places.

Next summer the group will be offering 450,000 air holidays. During May next year, as an introductory bargain, Intasun will offer about 1,000 holidays in Miami Beach at prices lower than those available this summer. For example, a week from Gatwick will cost £140.

Intasun, which this year used Air Florida and Laker aircraft for the Miami holidays, has signed an exclusive four-year charter contract with Air Florida for the flights to Miami and Orlando. Laker aircraft will be used for the U.S. west coast flights.

M3 rises by £386m

BY OUR ECONOMICS CORRESPONDENT

STERLING M3, the broadly defined money supply, rose by £386m, or 0.6 per cent, in the month to mid-September, on a seasonally adjusted basis. The Bank of England said yesterday that the rise was "comparatively little distorted by readjustments consequent upon the ending of the supplementary special deposits scheme" (the corridor).

STERLING M3 rose by 17½ per cent in the year to mid-September, in the year to mid-September. Domestic credit expansion was

1980	Money stock M1	% change	STERLING M3	% change	Domestic credit expansion	% change
January	49	+0.2	485	-0.9	1,378	+738
February	411	-1.5	330	-0.6	502	+270
March	304	+1.1	302	-0.5	433	+716
April	105	-0.4	216	-0.4	1,545	+702
May	115	-0.4	1,249	-2.2	370	+1,147
June	297	-1.1	447	+0.8	438	+1,369
July	976	-3.6	2,954	-3.0	2,379	+2,482
August	64	-0.2	1,826	-3.0	869	+2,019
September	269	-1.0	386	-0.6	543	+1,004

All figures seasonally adjusted.

* Lending to UK private sector.

Source: Bank of England

Notice of Redemption

Nippon Electric Company, Limited

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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 15, 1969, under which the above described Debentures were issued, Citibank, N.A., as Trustee, has drawn by lot, for redemption on November 15, 1980, through the operation of the sinking fund provided for in said Indenture, \$1,000,000 principal amount of Debentures of said issue of the following distinctive numbers:

COUPON DEBENTURES OF \$1,000 PRINCIPAL AMOUNT OUTSTANDING

3441	892	2101	3167	4251	4874	5589	6552	7304	7870	8875	9426	10652	10990	11495	11680	12785
41	894	2118	3171	4252	4875	5590	6553	7305	7871	8876	9427	10653	10991	11496	11681	12786
42	895	2119	3172	4253	4876	5591	6554	7306	7872	8877	9428	10654	10992	11497	11682	12787
43	896	2120	3173	4254	4877	5592	6555	7307	7873	8878	9429	10655	10993	11498	11683	12788
44	897	2121	3174	4255	4878	5593	6556	7308	7874	8879	9430	10656	10994	11499	11684	12789
45	898	2122	3175	4256	4879	5594	6557	7309	7875	8880	9431	10657	10995	11500	11685	12790
46	899	2123	3176	4257	4880	5595	6558	7310	7876	8881	9432	10658	10996	11501	11686	12791
47	900	2124	3177	4258	4881	5596	6559	7311	7877	8882	9433	10659	10997	11502	11687	12792
48	901	2125	3178	4259	4882	5597	6560	7312	7878	8883	9434	10660	10998	11503	11688	12793
49	902	2126	3179	4260	4883	5598	6561	7313	7879	8884	9435	10661	10999	11504	11689	12794
50	903	2127	3180	4261	4884	5599	6562	7314	7880	8885	9436	10662	11000	11505	11690	12795
51	904	2128	3181	4262	4885	5600	6563	7315	7881	8886	9437	10663	11001	11506	11691	12796
52	905	2129	3182	4263	4886	5601	6564	7316	7882	8887	9438	10664	11002	11507	11692	12797
53	906	2130	3183	4264	4887	5602	6565	7317	7883	8888	9439	10665	11003	11508	11693	12798
54	907	2131	3184	4265	4888	5603	6566	7318	7884	8889	9440	10666	11004	11509	11694	12799
55	908	2132	3185	4266	4889	5604	6567	7319	7885	8890	9441	10667	11005	11510	11695	12800
56	909	2133	3186	4267	4890	5605	6568	7320	7886	8891	9442	10668	11006	11511	11696	12801
57	910	2134	3187	4268	4891	5606	6569	7321	7887	8892	9443	10669	11007	11512	11697	12802
58	911	2135	3188	4269	4892	5607	6570	7322	7888	8893	9444	10670	11008	11513	11698	12803
59	912	2136	3189	4270	4893	5608	6571	7323	7889	8894	9445	10671	11009	11514	11699	12804
60	913	2137	3190	4271	4894	5609	6572	7324	7890	8895	9446	10672	11010	11515	11700	12805
61	914	2138	3191	4272	4895	5610	6573	7325	7891	8896	9447	10673	11011	11516	11701	12806
62	915	2139	3192	4273	4896	5611	6574	7326	7892	8897	9448	10674	11012	11517	11702	12807
63	916	2140	3193	4274	4897	5612	6575	7327	7893	8898	9449	10675	11013	11518	11703	12808
64	917	2141	3194	4275	4898	5613	6576	7328	7894	8899	9450	10676	11014	11519	11704	12809
65	918	2142	3195	4276	4899	5614	6577	7329	7895	8900	9451	10677	11015	11520	11705	12810
66	919	2143	3196	4277	4900	5615	6578	7330	7896	8901	9452	10678	11016	11521	11706	12811
67	920	2144	3197	4278	4901	5616	6579	7331	7897	8902	9453	10679	11017	11522	11707	12812
68	921	2145	3198	4279	4902	5617	6580	7332	7898	8903	9454	10680	11018	11523	11708	12813
69	922	2146	3199	4280	4903	5618	6581	7333	7899	8904	9455	10681	11019	11524	11709	12814
70	923	2147	3200	4281	4904	5619	6582	7334	7900	8905	9456	10682	11020	11525	11710	12815
71	924	2148	3201	4282	4905	5620	6583	7335	7901	8906	9457	10683	11021	11526	11711	12816
72	925	2149	3202	4283	4906	5621	6584	7336	7902	8907	9458	10684	11022	11527	11712	12817
73	926	2150	3203	4284	4907	5622	6585	7337	7903	8908	9459	10685	11023	11528	11713	12818
74	927	2151	3204	4285	4908	5623	6586	7338	7904	8909	9460	10686	11024	11529	11714	12819
75	928	2152	3205	4286	4909	5624	6587	7339	7905	8910	9461	10687	11025	11530	11715	12820
76	929	2153	3206	4287	4910	5625	6588	7340	7906	8911	9462	10688	11026	11531	11716	12821
77	930	2154	3207	4288	4911	5626	6589	7341	7907	8912	9463	10689	11027	11532	11717	12822
78	931	2155	3208	4289	4912	5627	6590	7342	7908	8913	9464	10690	11028	11533	11718	12823
79	932	2156	3209	4290	4913	5628	6591	7343	7909	8914	9465	10691	11029	11534	11719	12824
80	933	2157	3210	4291	4914	5629	6592	7344	7910	8915	9466	10692	11030	11535	11720	12825
81	934	2158	3211	4292	4915	5630	6593	7345	7911	8916	9467	10693	11031	11536	11721	12826
82	935	2159	3212	4293	4916	5631	6594	7346	7912	8917	9468	10694	11032	11537	11722	12827
83	936	2160	3213	4294	4917	5632	6595	7347	7913	8918	9469	10695	11033	11538	11723	12828
84	937	2161	3214	4295	4918	5633	6596	7348	7914	8919	9470	10696	11034	11539	11724	12829
85	938	2162	3215	4296	4919	5634	6597	7349	7915	8920	9471	10697	11035	11540	11725	12830

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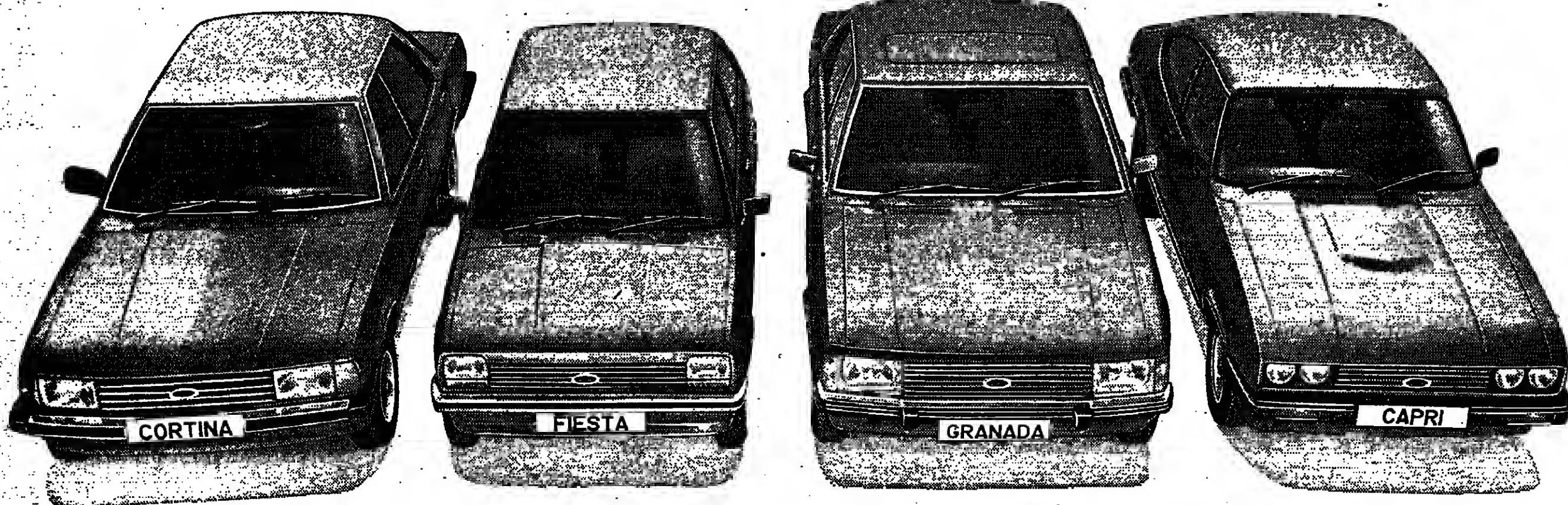
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UK NEWS = LABOUR

Ford UK to take tough line with unions

By Our Labour Editor

FORD UK, for many years the most profitable of the British motor manufacturers, is preparing to drive a hard bargain with its unions this year like other motor and engineering companies.

An unusual public statement yesterday, Mr. Paul Roots, the company's chief negotiator, anticipated Ford's formal reply next month to claims for substantial pay rises with a warning about the company's competitiveness.

Mr. Roots said after receiving a claim on behalf of 14,000 white-collar workers that the circumstances of this year's negotiations were "very different from previous years."

The company was already losing sales to the Japanese both inside and outside Europe "at an alarming pace." He added: "The productivity and costs of other world-wide vehicle manufacturers are much better than our own."

Ford of Britain was vulnerable like any other company. If it did not become more competitive it would not survive, neither would the jobs of its employees, Mr. Roots said.

A similar claim, but concentrating on a cut in working hours, will be submitted by unions representing Ford's 58,000 manual workers at the end of the month.

The company has said it will reply late in November when the present agreements are due to expire.

Shop stewards, in looking for a rise of around 20 per cent—though no figure has been put in the claim—have said they do not regard settlement elsewhere in the motor industry as relevant.

Cunard attacks seamen's action

THE CUNARD shipping line yesterday described as "completely unwarranted" the action by members of the National Union of Seamen, which prevented the Cunard Countess from leaving Bridgetown, Barbados.

The action follows Cunard's decision last week to transfer the Countess and her sister ship, the Cunard Princess, to flag of convenience.

Mr. Owen Morrissey, an NUS executive member, said in Barbados yesterday that the company would be able to replace the present crew with cheaper non-unionised labour. Cunard said the company had guaranteed that British seamen aboard the two ships would not be put out of work.

Technicians threaten plant if ICI forces redundancies

BY NICK GARNETT, LABOUR STAFF

INDUSTRIAL action by technicians and other white-collar staff aimed at shutting down ICI's Wilton petrochemical site on Teesside—the largest such site in the UK—would begin immediately if the company imposed compulsory redundancies, the Association of Scientific, Technical and Managerial Staffs warned yesterday.

An ASTMS delegates' meeting decided yesterday, after the company's announcement of two plant closures and 4,500 redundancies, that technical and clerical staff at other sites would be recommended to start industrial action under similar circumstances.

The union's ICI national committee is recommending that the union pulls out of the company's joint consultative committees in protest at what it describes as the company's failure to involve the unions before the ICI Board took the closure decision on Monday.

General secretaries from three of the company's principal

unions, together with their national chemical industry officers, met Mr. John Nott, Trade Secretary, yesterday.

The unions want a range of measures to assist the UK's beleaguered fibres sector, which at ICI is taking the brunt of the cuts.

These measures include negotiations with the EEC Commission and the U.S. Government on the level of U.S. imports.

In the absence of an agreement with the U.S. the unions are seeking unilateral action from the British Government, including much tougher quotas than at present, and lower pricing on energy and feedstock supplies similar to those enjoyed by U.S. suppliers.

The unions are seeking specific aid for Kilroot, Northern Ireland, and Ardeer, Scotland, where ICI is shutting two fibre plants.

Mr. Nott said there was no guarantee that anything the Government could do could

Employers criticise closed shop code

By Christian Tyler, Labour Editor

SERIOUS criticism of the Government's proposed code of practice on closed shops has been made by the Engineering Employers Federation, despite the EEF's dislike in principle of closed shops.

In a submission to Mr. James Prior, Employment Secretary, the EEF says of the code's recommendation that existing closed shops be pre-emptively reviewed: "Far from improving relations or industrial efficiency, this could cause many practical problems."

Most existing closed shop agreements create few such problems, the EEF says, whether to employers or employees. The flexibility and tolerance which the draft code calls for "results from the fact that, once established, their existence is rarely challenged by a review process."

The federation's strictures, which are in sharp contrast to the Confederation of British Industry's virtual endorsement of the codes both on the closed shop and picketing, will provide ammunition for M.P.s of both parties on the Select Committee on Employment who are determined to see the codes modified before their presentation to Parliament.

The EEF objects to the proposal that all closed shops should be reviewed now that the Employment Act is on the statute book. Those reviews would have to be conducted "against a background of union hostility and suspicion," and unions might refuse to co-operate at all.

Second, reviews following changes in the composition of a company's labour force might serve to impede industrial and technological change. Unions could well resist such change because it would have the incidental effect of exposing their closed shops to erosion or review.

Testing support for closed shops by ballot could also stimulate unions to keep up constant pressure to maintain and expand their membership.

The EEF suggests that a single paragraph should be substituted for the draft code's recommendations, to the effect that either party may call for a review if there has been significant change justifying review. Both of the Codes were criticised by the British Institute of Management yesterday as being "over-political and sometimes even provocative."

While not denying the need for codes, the BIM says that ideally they should be agreed with the TUC.

Prison officers' dispute widens

BY PHILIP BASSETT, LABOUR STAFF

PRISON OFFICERS' leaders yesterday met Lord Belstead, Home Office Minister with responsibility for prisons, to discuss further the union's mealbreak claim which has led to industrial action in the prisons, but no new common ground was found between the two sides.

Mr. Peter Rushworth, deputy general secretary of the Prison Officers' Association, said that the Government was still refusing to refer to arbitration its two claims for meal break payments. He said a situation was developing where the Home Office's action meant that prisoners themselves were being affected by the dispute.

Lord Belstead agreed that the officers' action, which includes refusing to handle sentenced or remanded prisoners who have then to be held by the police, was having an adverse effect on prisoners.

The Home Office revealed that by yesterday some 600 prisoners were now being held in police cells rather than in prisons, although officials stressed that this figure was nowhere near police cells limit. The position is being closely monitored in case of large numbers of arrests arising, for example, from football crowd violence in already stretched areas.

While refusing to reveal any of the Government's contingency plans for the dispute, Lord Belstead did say that there were no plans to use army camps to hold prisoners unable to be admitted to jail. About 95 of the 120 prisons are refusing to accept prisoners, with particular heavy concentration in the North and Midlands.

Officials said the large majority of prisons were now taking some form of action. Liverpool, Leeds, Manchester, Risley and Low Newton were refusing visits and social welfare, so that prisoners were in their cells for up to 23 hours per day.

Lord Belstead said he hoped that when the public became aware of the effect on prisoners the dispute would be scaled down. He said prison officers had a very heavy responsibility to the public to protect them from prisoners.

The two claims are national claims for payment of all unscheduled mid-day meal breaks, and a local claim, the "Liverpool" claim, for payment for breakfast breaks taken by officers working the short day shift.

Esso chairman defends 14% offer

BY OUR LABOUR STAFF

MR. ARCHIE Forster, chairman of Esso, said yesterday it would not have been reasonable to make pay proposals to its tanker drivers and terminal workers below the level already offered. The Transport and General Workers' Union is recommending rejection of an offer of just over 14 per cent on basic rates together with a further, larger amount if productivity targets

are met and maintained.

The proposals would lift the present basic rate of £92 to £105, with a set of further productivity-related staged payments raising it to £121. This would be a rise of 31.5 per cent on basic rates.

"I know people can say that we should be below 10 per cent because that is what the Gov-

ernment is looking for," said Mr. Forster.

"But I am not aware of any Government wages and salary policy. I do not think it would be reasonable to offer our people less than we have offered."

The company, which yesterday announced after-tax profits of £144m could not "begin to pretend that we are holding out the begging bowl," Mr. Forster said.

Four big unions pursue boilermakers' merger

BY JOHN LLOYD, LABOUR CORRESPONDENT

FOUR OF the country's largest unions are actively courting one of the oldest unions, the 130,000-strong Amalgamated Society of Boilermakers, Shipwrights, Blacksmiths and Structural Workers, with the aim of amalgamation.

The Boilermakers' executive told the union's biennial conference at Rothbury yesterday that the three largest unions—the Transport and General Workers' Union, the engineering sector of the Amalgamated Union of Engineering Workers and the General and Municipal Workers' Union and the Electrical and Plumbing Trades Union, had all expressed interest in an amalgamation.

It is understood that the AUEW has offered the society 15 places on its national committee, and two seats on its executive council.

Mr. Moss Evans, the general secretary of the TGWU, and two of his most senior colleagues—Mr. Larry Smith and Mr. Ron Todd—led talks with the society, while discussions with the GMWU have been going on over some two years even though the society's last conference voted decisively against an amalgamation with the G and M.

The executive beat off an attempt by left-wingers to

commit the union to amalgamation with the AUEW. The conference, in private session, passed a motion supportive attempts to merge with an "appropriate" trade union.

Mr. John Hepplewhite, for the executive committee, argued strongly against an amalgamation with the AUEW because it would mean losing the policy-making powers of the society's national delegate conference.

The executive told the delegates that, apart from the retention of the conference, it would also demand the retention of the present system of election of officers, of the Newcastle head office and of the various trade identities within the union.

The Society, with a membership throughout the general engineering industry as well as in shipbuilding, is a prize for the large unions, but it faces a number of pressures shared by many medium-sized unions, especially those with large memberships in declining industries.

The union's traditions predispose it towards a craft union rather than a general one. The GMWU was turned down by the society's conference two years ago on the grounds that it was not a craft union.

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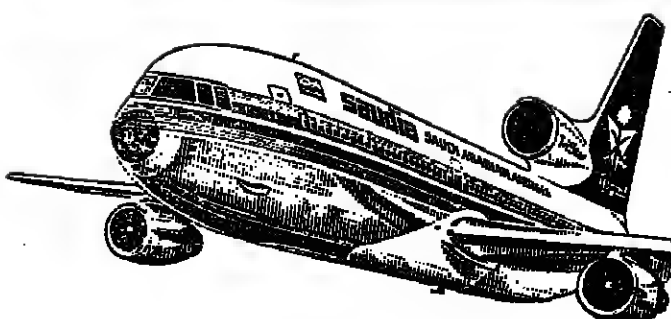
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UK NEWS—BANKERS AT THE MANSION HOUSE

Howe's determination remains unaltered on medium-term goals

SIR GEOFFREY HOWE, the Chancellor of the Exchequer, told the Mansion House banquet that he expects a "considerable" further fall in the rate of inflation by next spring.

Stressing that the Government's monetary policy was not a short-term one, he said: "That strategy is not likely to be called into question by short term difficulties in measuring and controlling the money supply."

"Our determination to achieve our medium term goals remains unaltered."

Sir Geoffrey said the Government did not flinch from good decisions because they were difficult. "We have sharply reduced top tax rates, abolished dividend, price, pay and exchange controls and removed the corset."

"But we are not a reckless administration. Our philosophy has been to proceed step by step, with all deliberate speed."

Limited value

"It is in this spirit that we have consulted widely on whether our techniques of monetary control can be improved in ways that will help us achieve our medium-term strategy. The public examination of possible improvements, which we launched with the publication of the Green Paper last March, will soon be brought to a conclusion."

"While I cannot prejudice that conclusion, some things are already becoming clear. The first is that in a sophisticated financial system such as ours, direct controls like the corset have a very limited value."

"They can easily turn out to cause more problems than they cure. But in the context of our existing system the authorities have felt impelled to reimpose the corset on no less than three occasions."

"This suggests at least that present arrangements may not be adequate, even over the medium term, for the fulfilment of a policy which rests upon the priority of meeting monetary targets and reducing the rate of monetary growth."

Careful sequence

"Certainly it is not surprising that many of our financial institutions have yet to adapt to a world in which quantitative monetary targets are accorded their due importance. If indeed present arrangements are not entirely adequate, then the questions which arise need to be considered and answered in a careful sequence."

"We shall announce the outcome of our current considerations as soon as we are ready to do so."

"Some lessons may not doubt be learned by studying the problems in measuring monetary growth of which I have already spoken."

"It is clear, for example, that the figures for banking July and August were distorted not only by the bill leak and other forms of disintermediation, but also by the reconstruction of balance sheets as banks took advantage of the freedom denied them for two years by the corset."

Sir Geoffrey pointed out that the September figures for money supply growth, published in detail yesterday, revealed "encouragingly low growth" of sterling M3.

He said that the underlying rate of monetary growth was too high, because of companies' need for finance and the pattern of the public sector borrowing requirement—but that the position was likely to improve.

"As for the second half of the financial year, public sector borrowing and bank lending are likely to abate and contribute to a lower trend of money supply growth, taking one month with another."

Sir Geoffrey said the Govern-



Mr. Gordon Richardson (left), Sir Peter Gadsden, and Sir Geoffrey Howe—speakers at last night's dinner

ment was making progress in reducing the rate of inflation. "Of course, it is still much too high. But the annual rate of retail price inflation is now about six percentage points lower than it was in May."

"I expect a considerable further fall by next spring. Wholesale prices are scarcely growing at all. House prices are flat too. In each of the past four months the increase in retail prices has been well below 1 per cent."

Defeating inflation involved adjustment costs. "In the long run these are plainly less than the costs of surrendering to inflation. But they are nevertheless substantial."

"The more quickly those responsible for taking economic decisions—and above all those with responsibility for wage bargaining—adapt to the tightness of monetary policy, the smaller those costs will be."

Figures distorted

"This is why it is so important to strengthen people's growing confidence that inflation is, indeed, going to slow down; and to make people understand that past inflation is a most dangerous yardstick for judging the size of present pay settlements."

The Chancellor stressed that the Government attached importance to opportunities for dialogue, for example, at the National Economic Development Council.

"Our discussions there have gained in quality and breadth by the fact that the Government itself is now on our number."

"The Government are ready, at all times and with all comers, to discuss our policies—as well as the factors by which those policies are inevitably constrained: for such factors must limit all our actions."

"It is no doubt for that reason that signs of greater realism are now increasingly apparent—for instance in some recent wage settlements in the engineering and motor industries."

"Long-term changes in the economy in response to our North Sea oil and gas need to be better understood."

"No wonder people still find

it less than easy to see North Sea oil in the right perspective. For some, it is an unqualified blessing; for others, an unmitigated disaster. Both judgments are exaggerated."

"There are a variety of ways in which North Sea oil helps us: it brings us some security of oil supply; significant additional revenue, in due course, and, to

the extent that it has been reflected in a higher exchange rate, some help in the fight against inflation and an (unearned) addition to our standard of living."

"On the other side of the balance sheet, the impact of oil upon the exchange rate has created real and pressing problems for our exporters and for those who face foreign competition in home markets."

"Yet at the same time, the oil bonus, because of the substantial improvement it has brought to our real living standards, tends to reduce the pressures we feel to mend our ways."

"In that respect, alas, it is capable of making the British disease significantly worse."

The changes in resource allocation required by increased oil production were no different in quality from the normal changes

in any dynamic and complex economy. It was the pace of change that was so disconcerting."

At the same time the recent strength of the pound was bringing home the inevitable consequences of allowing pay to rise much more quickly and productivity much more slowly than any of our competitors."

"The days in which it seemed easy to accommodate such failings through depreciation of the pound are now over. Nor do we have the option of managing the exchange rate at some desired level."

"As we have seen recently, the currency of a country more or less self-sufficient in oil tends to rise dramatically on news which makes the currencies of many other industrialised countries fall."

mic difficulty, the public sector cannot be protected from pain. This imperative applies with particular force to public sector pay."

"Workers in the competitive sectors are being obliged to accept pay rises substantially below the current rate of inflation. It would be grossly unfair if public sector employees were not prepared to do the same."

"Early as a result of staged 'comparability' payments, many public sector workers have enjoyed an unusually large increase in earnings during the last pay-round: around 27 per cent in the public services compared with 18 per cent in manufacturing industry."

"Moreover, most of those who work in the public sector have enjoyed a much higher standard of job security. When unemployment is high a secure job is worth a great deal. That should be reflected in relative levels of pay."

Job security

"I can understand the view of some commentators that not all the factors underlying sterling's present strength are likely to be permanent. Some of them are not in question—for example, North Sea oil and the fact of a strong Government determined to control inflation."

"But others seem likely to be more temporary. High interest rates will not be with us indefinitely. Private sector capital outflows are growing, and (particularly once sterling interest rates fall) could well accelerate in future. So also could overseas borrowing in the sterling market."

"As for the current account of our balance of payments, I think we must regard yesterday's exceptional figures as part of the result of the impact of recession on imports, and not as something we expect month after month on this scale."

"At a time when industry faces adjustments of the kind which I have described, it is all the more important to ensure that the burdens of our counter-inflation policy are fairly distributed."

"If we are to be able to permit reduction in interest rates without endangering monetary control, then we must secure firm control of public spending and borrowing."

"At a time of general econo-

mic difficulty, the public sector cannot be protected from pain. This imperative applies with particular force to public sector pay."

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Cutting costs

"So the message I have for the nationalised industries, management and unions alike, is this. The country looks to you to help with the process of economic adjustment by cutting back the growth of your costs."

"Meanwhile, the Government will continue to do everything we sensibly can to diminish these industries' monopoly power: in some cases by ending statutory monopolies and allowing private enterprise to compete; in others by transferring control of industries (or part of their activities) to the private sector."

"Disposals of this kind—made at the right time—are one of the many ways in which the City of London can help to extend the role of the market and so improve the working of our economy."

Growth of money supply 'will slow'

MR. Gordon Richardson, the Governor of the Bank of England, conceded that the rate of growth of the money supply had been well above target levels during the spring and summer, but predicted that the growth rate would slow considerably during the rest of the financial year.

He said the excess monetary growth was mainly the result of heavy borrowing by both the public sector and industrial and commercial companies hit by the recession. But these pressures were now likely to ease, as inflation fell and borrowing by both public and private sectors dropped.

"The economy was facing severe problems and difficulties. But it is right also to recognise that some positive results are beginning to come through," he said.

Difficulties

"Over decades our productivity performance has been poor. It has long been plain that if we had been less resistant to change, average output per man, and hence the average standard of living, could have been far higher. It is encouraging, therefore, to hear reports that attitudes may be changing."

"The Bank's wide contacts with industry suggest that managers are more alert to the need to manage, and that workers are more concerned with the success of the firms in which they work."

Improved methods, it is said, are being introduced and accepted more quickly, because it is realised that they are essential to survival. If this sense of reality can be preserved when trade revives it could provide the basis for a new and enhanced prosperity.

"The prime object of policy is the defeat of inflation; and we must be greatly encouraged by the signs that inflation is now yielding ground. Rates and wholesale prices have been rising progressively less rapidly—as have also the prices of commercial property, houses and

land, typically the barbour of funds seeking to escape inflation. "The immediate course of inflation depends importantly on what wage settlements will be. Here too there are hopeful reports. It seems likely—particularly if settlements in the public

sector are kept moderate—that wage increases in industry will be at much more realistic levels than last year."

"That would be a heartening change. If we are to achieve price stability in the years ahead, wage increases will have to be earned—earned, that is, by productivity increases; and we will once again have to get used to low single-figure settlements, as in many other countries."

But, as I am well aware, for many firms this is an anxious time. Demand has shrunk, and low profits are being further squeezed. Firms are being forced to undertake retrenchments—some perhaps overdue—of staffs, of overheads, of labour, and now increasingly, of investment."

"Many firms, moreover, are understandably concerned about their ability to hang on in markets at home and overseas in which they are trading at a loss. "The force of the recession still seems to have some way to go. When it ends, many companies will be in a better condition to grasp the opportunities that an upturn presents; but, the longer the recession lasts, the more will others find their situation becoming difficult."

Turning to the behaviour of the monetary aggregate, Mr. Richardson recalled that the target aggregate sterling M3, showed a rapid increase in the summer. "It is therefore important to determine the nature of that acceleration," he said.

"It is, first, clear that the corset seriously distorted the monetary statistics, both in the two years while it was in effect, and after its removal in June. The effect was not unexpected: the uncertainty related to its extent."

"In fact, of such swings in the borrowing requirement, the difficulties for short-term control of sterling M3 are, I submit, bound to be increased."

"There was, in addition, one other powerful force, arising from the condition of the economy—persistently strong demand for bank credit from the private sector. The bulk of this borrowing has been by industrial and commercial companies and, increasingly since the recession really began to bite in April, a proportion of it has been undertaken to maintain the substance of businesses intact."

"One general lesson from this experience with the corset and from our earlier experience with quantitative lending ceilings is that we need to be deeply sceptical of the value of direct controls of this kind."

"It also seems clear that, making all due allowance for the effects of the corset, the true underlying rate of growth of sterling M3 accelerated sharply in the late spring and summer to well outside the target range. This followed a period of some months in which monetary growth had moderated."

These swings in the rate of monetary growth reflected quite largely the fluctuations in the scale of public borrowing. At the turn of the year the PSBR was relatively low, while heavy funding continued. In the spring and summer there was a resurgence in public borrowing—which perhaps approached a rate of about 47th in the first six months of the financial year."

"This resurgence was no doubt in considerable degree temporary, but it was much larger than expected. It was in consequence more than could then be financed outside the banking system from the capital market, even though sales of gilt-edged stock were made to domestic non-bank investors in that period of over £400m."

"In face of such swings in the borrowing requirement, the difficulties for short-term control of sterling M3 are, I submit, bound to be increased."

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Outflows

"At the same time, net external outflows from the private sector, which exercise a contractionary effect on monetary growth, diminished as the current account went into surplus."

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Yarrow, Sir Eric G. Yokota, Mr. S. Zulusta, Sir Philip de.

Lloyd's chairman pays tribute to Lord Mayor

MR. PETER GREEN, chairman of Lloyd's of London, paid tribute to the "boundless energy" of the Lord Mayor, Mr. Green said the Lord Mayor had made many short trips in the UK and Europe and had "only recently returned from a long and arduous tour of China, making

I suspect the first visit by a Lord Mayor to that country."

"It is customary on this occasion to recall some of your travels abroad on our behalf," he said, "but could I confine my remarks to some of your more unusual ones."

"A visit was made to a tin

mine in Cornwall where, with your mining background, I suspect you were quite at home. And still underground you made a tour of the London sewers where perhaps, as an underwriting member of Lloyd's, you were expecting a little salvage by finding the odd diamond ring which one or other of your

assureds may have inadvertently dropped down the plughole."

He said: "Your boundless energy has sometimes left your staff and fellow citizens breathless in their efforts to keep up with you."

Expressing the thanks of the guests to the Lord Mayor, Mr. Green said: "We all sincerely

hope you will recall with happiness this year when on behalf of the bankers, merchants and citizens of London you have sought to extol our virtues and explain to a troubled world the many ways in which our great City can still offer help and assistance with the problems which face us all."

City/Bank link praised

IT IS MORE than a geographical coincidence that the Mansion House and the Bank of England are "within a stone's throw of each other," Sir Peter Gadsden, the Lord Mayor said in his outgoing address to the Chancellor.

"It is an essential characteristic of the City that all its major institutions are within easy distance so that communication is straightforward."

As a market place the City of London is "about people, so it is essentially a place where people meet and communicate. It is appropriate that the Governor of the Bank of England and the Lord Mayor of London should be neighbours."

Sir Peter recalled that one Lord Mayor, Sir John Whorlton, had combined the two roles, being the first Governor of the Bank.

Addressing the Chancellor, Sir Peter stressed the "growing importance of the City of London as a world centre for international trade and banking," a trend underlined by the opening in the City this week of branches of a Mexican bank and an Austrian bank.

"I do not have to tell you that the City of London is an institution of national importance," he reminded the Chancellor, "and I do not have to tell you of the sincerity of the City of London's wish for prosperity for Britain."

'Cut state's dominance in society'

THE GOVERNMENT has not moved fast enough in reducing the state's dominance in society, Mr. Nicholas Goodison, chairman of the Stock Exchange, complained to the Chancellor.

"We want to see the day return when the state ceases to demand an excessive share of the available savings and money can flow again where it is most needed."

Until the Government's long-term debt is reduced, "there is obviously little chance of those sensible reforms of taxation which we so badly need—lower income-taxes, and the ending of the crazy system of income and capital taxes which rewards those who lend their savings

Government or who buy larger houses than they can really afford and severely punishes those who put their savings at risk in trade and industry."

Mr. Goodison also accused Ministers of dragging their feet over denationalising British industry. Retaining large parts of the country's commercial business in state hands unbalanced the economy, confused those trying to run state companies and led to lack of discipline.

"The disciplines imposed by thousands of direct lenders and shareholders are stronger and more democratic than the disciplines of a government department," Mr. Goodison called on the Chancellor to speed up the transfer of industry to those disciplines.

However, Mr. Goodison gave Mrs. Thatcher credit for being "the first leader we have seen for years, no decades, who has the capacity to inspire us to greater commercial effort."

Regarding the Exchange's own problems, Mr. Goodison repeated his claim that its rule book should not be subjected to scrutiny by the Restrictive Practices Court.

It could lead, he said, to "potentially the largest case in English civil legal history," and may not even be manageable in the context of normal legal procedures.

Swiss clothing exports up by 21% in first six months

BY JOHN WICKS IN ZURICH

EXPORTS of clothing by Switzerland rose by 21 per cent during the first half of 1980 over the corresponding period last year, reaching some SwFr 800m (£205m).

According to a report published by Unions Bank of Switzerland, foreign orders increased much faster than those from the home market.

Switzerland is a net importer of clothes, imports having increased 22 per cent in the first six months to SwFr 1.08bn. The average value of exported clothing, however, is almost 50 per cent above that for imports.

The industry expects generally favourable business conditions in the present second half, though with slower growth than in the first part of the year. Export orders are now being regarded "with some caution," although overall turnover, orders and output should be up on 1979 levels.

At the same time, the bank

reports satisfactory sales on the part of the paper and printing machinery sector, nearly 90 per cent of whose sales are on foreign markets.

Exports of paper and paper-processing machines were up 12 per cent to SwFr 22.1m and those of printing machines by as much as 39 per cent to SwFr 142.3m in the first half of 1980, with the major sales market being West Germany.

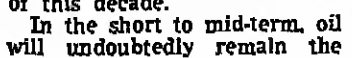
Turkey factory to employ more

THE WORKFORCE of a turkey factory in Suffolk could be boosted from 340 to more than 500 by early next year. Bernard Matthews Turkeys has been given the go-ahead for a £14m scheme to extend its factory on the Holtun airfield near Halesworth. Waveney district council has approved outline plans for the extension.

By Richard Cowper in Jakarta

Where have over 150 South East companies chosen to relocate since 1966?

ASEAN Energy Ministers met formally for the first time



trigger level from 20 to 10 per cent, however, were unsuccessful.

But ASEAN Ministers realise that energy planning will remain a national rather than a regional priority for many years. What

It has large untapped reserves of coal (potential 1.4bn tonnes), hydroelectric (8,000 MW potential) and geothermal energy, and plans to spend the greater part of the energy budget in

The basis of the plan, Dr. Anuwai says, is a major shift from imported oil to domestically produced gas and coal as a

In the short to mid-term, oil will undoubtedly remain the

trigger level from 20 to 10 per cent, however, were unsuccessful.

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Interim Results 1980

Profit before tax for the half year is £530,000 compared with £708,000 for the first six months of 1979. On a borrowings level similar to 1979, interest costs were higher by £214,000.

The Directors are declaring an interim dividend of 6% (1.50 pence per share), the same as last year, and this will be paid on 15 November 1980 to members on the Register at 4 November 1980.

The unaudited results of the Group for the half year to 30 June 1980

	Half year to 30 June 1980 £000	Half year to 30 June 1979 £000	Year to 31 Dec 1979 £000
Turnover	31,428	29,755	63,423
Group profits before tax	1,004	601	1,460
INDUSTRIAL SERVICES	(216)	275	865
CONSUMER GOODS	788	876	2,325
Parent company expenses including bank and debenture interest not otherwise allocated	280	185	354
	508	691	1,971
Share of profit (loss) of associated company	22	17	(41)
Profit before taxation	530	708	1,930
Taxation (note 2)	239	142	191
	291	566	1,739
Add (deduct):			
Minority interests	(5)	(8)	(28)
Profit attributable to shareholders before extraordinary items	286	558	1,711

Notes:
(1) The interim dividend of 6% will absorb £152,302.
(2) The charge for taxation has been calculated in accordance with SSAP15 which reflects the anticipated effective rate for the year ended 31 December 1980.

GRAMPIAN HOLDINGS LIMITED
Stag House, Castlebank Street, Glasgow G11 6DY

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Holograms in the no-cash phone box

BY GEOFFREY CHARLISH

WHO HAS ever walked into a public phone box only to find that there are no 5p coins in the pocket or handbag? Or found a foreign coin (or even a mutilated British one) jammed in the slot? Or discovered that the whole system has been vandalised during an attempt by petty thieves to make off with the coin box?

Working in conjunction with its Swiss parent, Landis and Gyr of Aclon, London, is to supply to British Telecom 200 of a new kind of public phone instrument called Cardphone which does away with coins altogether and uses an inserted plastic card instead, purchased in advance.

Based upon public reaction and its own assessment of the system, British Telecom will decide the extent of wider installation, but the trial installations will probably be put into places like railway stations and airports.

No money

The important advantage to PTIs will lie in the fact that no money collections will be needed and the phone booths will become less attractive to criminals.

Clearly, such a system must have a totally foolproof, easily used card that cannot be forged or tampered with.

In fact, the Landis and Gyr system employs a form of holo-

graphy and is one of the few really practical applications so far found for this fairly recent scientific achievement.

Holography first made an impact when lasers, with their ultra-pure single wavelength light were used to make impressions of a solid object on photographic film. The user, in effect, a coded message which when "played back" by viewing them in a similar light produced a three dimensional illusion of the original object.

The plastic card of Cardphone does something rather similar in order to make forgery impossible, but the user never sees any images. Instead, holographic patterns are laid down on the card during manufacture to have two effects: one is a series of embossed stripes, which are visible and which represent money units, while the other is an invisible micro-fine holographic pattern which represents some white dot codes known only to the company.

A vital point about the fine pattern is that the data it contains about the secret original shapes is spread over the face of the card so that even if the card were torn in half, each half would still provide the codes to re-constitute the original patterns.

In practice, this means that the card can be considerably mutilated but will still look the same to the security check reader in the phone box con-

sole. Since these diffused patterns are generated in conjunction with the money debit stripes, alterations are impossible.

To use the phone box the caller inserts the card which is read by the unit and the user can then see on a small screen what credit is left on the card.

Should the handset not be lifted the card is returned within a few seconds. If it is lifted and a call made, the procedures are similar to a call from a conventional box except that, during the progress of the call the display counts down the money used and at the same time a tiny heating element removes the appropriate number of credit bars from the face of the card. It actually melts the embossed bars but the surface damage does not affect the viability of the hologram on the card's surface.

Card returned

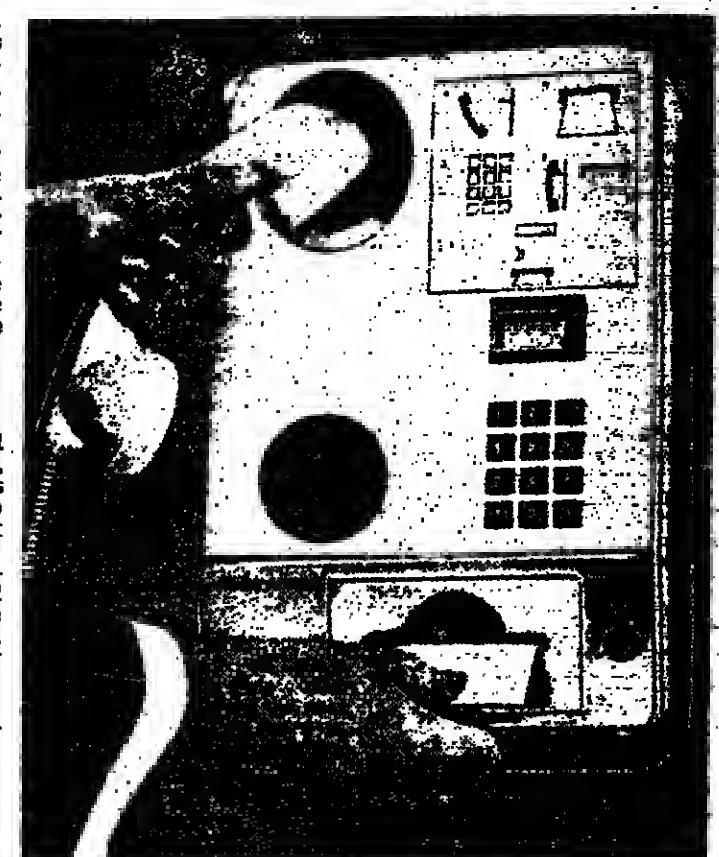
If during the course of a call the card runs out of credit, audible and visible indications are given and it is possible to insert a second card without discontinuing the call.

Needless to say, if the holographic reader inside the wall console does not see the appropriate original dot pattern, precisely, then it immediately returns the card to the user.

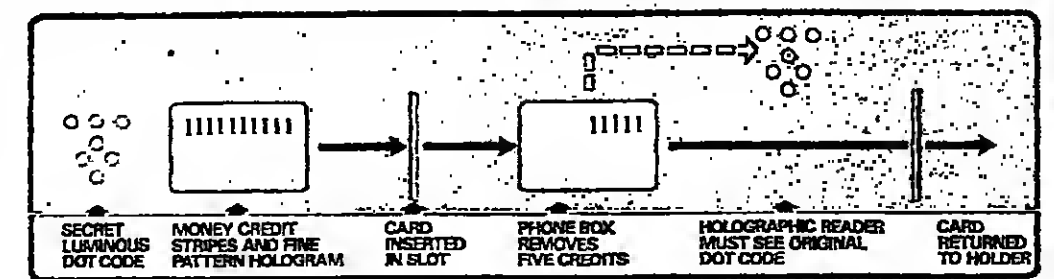
The whole unit is controlled by a microprocessor, which

allows a number of things to occur. For example, the number keyed in by the caller is memorised by the micro and is only transmitted to the telephone line if there is sufficient credit on the card. It is also possible to program barred numbers and to authorise transmission without the insertion of

a card (for emergency call numbers such as "999"). It is understood that there is no chance of the criminally minded replacing the removed credit bars once they have been melted off because each of the bars is associated with the holographic data inscribed over the surface in invisible form.



In this new instrument for phone box use a card is inserted instead of money and holographic patterns prevent the card being forged or altered. Diagram shows how an original coded pattern known only to the makers has to be recognised by the unit before the phone can be used and the card debited.



INSTRUMENTS

Analyses problems on sight

VIBRATION AND temperature in rotating machinery can be measured with a compact, portable, battery-operated unit, said to be the first equipment of its kind, announces Weir Group, Cathcart, Glasgow (041 637 7111).

Described as a vibration analyser and temperature indicator the instrument is known as the Weir VTA-1 and is toughly constructed for use in a working environment.

It is calibrated in commonly used units, and provides functions most needed for periodic inspections which, the company says, are becoming increasingly important for preventive maintenance in power stations, ships, water supply and sewage systems, oil platforms and refineries, and many other industrial establishments where rotating machinery is used.

The instrument comes with an accelerometer mounted on a magnetic clamp with a detachable one metre lead with two chromalume thermocouples with two meter leads. One thermocouple has a mineral-insulated probe, the other is for surface use. The unit is provided with cold junction compensation for ambient temperatures in the range from 0 to 30 degrees C.

For on the spot investigation, the operator simply attaches the accelerometer to the part to be checked, or he applies a temperature sensor. Appropriate switch positions are then selected and measurements can be read off directly from a single analogue meter calibrated in mm/sec RMS velocity and degrees C.

The scale can also show rotational speeds in the range up to

10,000 rpm. The company says that the simplicity of operation is such that many more readings can be taken in a given time than are possible with conventional equipment.

Using a graph supplied with the unit, the vibration in mm/sec can be converted, if required, to displacement in microns. Another graph allows the vibration to be classified in relation to frequency on a scale from extremely rough to extremely smooth to indicate whether or how urgently corrective action is needed.

Instrument weighs only 6 lb, measures 12 by 9 1/2 by 3 1/2 inches, and comes in a leather case with a shoulder carrying strap. It costs around £800—which the company says is less than the price of a typical unit for vibration analysis alone.

COLOUR MATCHING

Mixture always as before

COLOURANT MAKERS need have no fear of mis-matches in their batches since a computerised spectrophotometer installed at Reckitt's Colours at Kingston-upon-Hull (0482 29875) has enhanced the company's customer service.

Machine comes from the U.S., is called an ACS 550 computer control system, and can provide a rapid, reliable and accurate match—it effects not only a visual match, but also the resistance curves of the original sample, plus a comparison match.

Cadmium colours (yellows, orange, red, etc.) are top favourites for plastic kitchenware, rubber and toy products, but there is an ever-present risk that one batch may vary from another.

The new machine enables Reckitts to maintain accurate records of all its customers' blends, and of its own factory grade stock, so that exact matches can always be repeated to meet customer needs.

COMMUNICATIONS

Leyland drives into business viewdata

BRITISH LEYLAND is to install one of the first private viewdata systems in the UK. In the next two months it will connect 25 of its distributors in an experimental network to aid in stock location.

Prestel, the Post Office proprietary viewdata system is, of course, already on public trial, but the Leyland experiment is reckoned to be among the first in the UK to run on U.S. computer equipment. It will run on Leyland's existing Digital Equipment PDP 11/70 computer.

And in West Germany a public viewdata system, Bildschirmtext, offering facilities much in advance of what is available on the UK system has just gone live.

The software for both the Leyland system and the West German system is basically the Post Office Prestel software enhanced and developed by Systems Designers, a software house based in Camberley, Surrey.

For the Germans, Systems Designers have developed software which enables the Prestel system to connect to packet-switched software through the international standard X25 protocol.

In Germany the system is being exploited by a number of mail-order houses who make it possible for customers to order goods from their homes. The latest price and availability of an item selected from a catalogue can be retrieved from the computer and the order en-

tered directly into the computer's memory.

And bank customers can now carry out transactions in their homes. The viewdata terminal can be used to obtain a statement of debits and credits or to authorise financial transactions. Special passwords prevent abuse of the system.

According to Systems Designers: "Any Bildschirmtext terminal user may access the bank's computer to calculate credit data such as loan periods, rates of payment, total credit prices and to perform currency conversion calculations."

The private viewdata system developed by Systems Designers, IVS-3, is marketed outside the UK by Aregon International, but sales in the UK are the responsibility of the software house.

According to Alan Holmes, head of Systems Designers' Information Systems division, at least one other major organisation has ordered the system and a further three are expected by the end of the year.

It looks now as if business application of viewdata will take the lead over the expected mass market for the public service.

It is clear that the service has not taken off anything like as rapidly in the U.S. as expected, due at least in part to difficulties with U.S. television standards. And there is still controversy over which viewdata standard should be adopted internationally.

ALAN CANE

PACKAGING

Cuts off the lids

THE LIDS of tea chests can be cut open at a rate of three a minute by a machine developed by Gunson's Sorters, Fairfield Road, London E8 2QQ. (080 4888).

The machine has a router-type cutter mounted within a small vacuum extraction chamber through which all particles of wood from the cutting operation are extracted through 50 mm flexible tubing to a remote collection point.

The volume of waste material generated by the router cutter is roughly 30 per cent less than that produced by normal saw type cutting. It is claimed.

The machine accepts any chest from 400 mm to 610 mm high and from 300 mm to 560 mm in depth or width and will adjust its own handling and cutting head assemblies.

In an automatic sequence, the chest is lined up and its exact size determined by sensors. These sensors provide information for the router cutter to engage with and cut through the lid without cutting the metal endgrip, thus preventing metal sawdust or nails contaminating the tea.

The machine transfers the open chest to a conveyor before taking and aligning the next chest from the holding zone within the machine where two chests are normally in readiness.

An electrically powered conveyor moves chests through the first and second holding stages and discharges them after removing the lids. All the other functions of the machine rely upon a pneumatic power source.

New Bowater plant

INVESTMENT OF £1m on a milk and fruit juice packaging system has been disclosed by Bowater Corporation subsidiary Bowater PKL (UK).

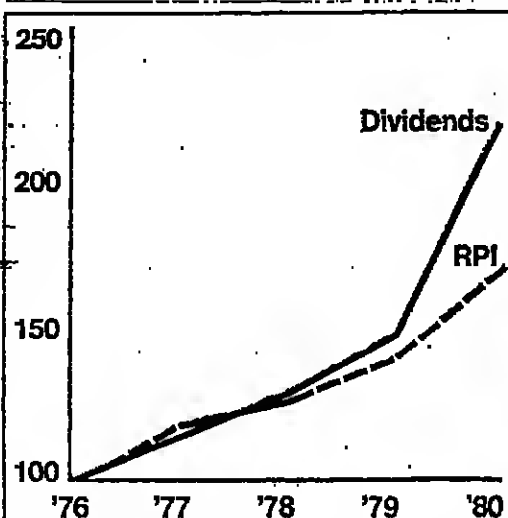
The system is based on a carton, Safe-Pak—designed by Bowater PKL—and packaging machinery manufactured by Cherry Burrell. Its introduction follows an agreement between Bowater and Aerogenators, UK distributor of Cherry Burrell machinery, under which Bowater will supply and service equipment for use with Safe-Pak cartons.

Bowater PKL says it is doubling its production facilities with a new factory adjacent to its existing plant in Tyne and Wear.

Two Cherry Burrell machines will form the basis of the Safe-Pak system. The larger of the two has a filling rate of 6,700 one-litre cartons per hour or 9,000 per hour using 1 pint, 1 1/2 litre or 2 pint cartons. The smaller is capable of 4,800 per hour using one-litre cartons and 6,600 per hour with 1 pint, 1 1/2 litre or 2 pints.

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As explained in the Accounts, the special dividend of 1p was paid from arrears of income received in 1980 and will not be repeated. It is anticipated that for 1981 the normal dividend will be increased to not less than 7p per share.

	£m	%
Geographical Distribution of Assets		
United Kingdom	56.2	69.9
North America	13.3	16.6
Japan	3.5	4.3
Other Asian	3.1	3.9
Australia	2.4	3.0
Other Areas	1.9	2.3
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The strength of the £ and the high rate of inflation continued to make the achievement of export sales difficult. Further recent increases in duty on carpets imported into Australia from the U.K. will reduce exports to that market but we have increased our exports to some other markets, particularly Sweden, France, Germany and Eire, and considerable efforts continue to be made in this direction.

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orders from stores, hotels and other contract customers, both at home and overseas, for our Wilton contract qualities and also for our high quality Axminster and Tufted carpeting.

Our strategy has been to concentrate our capital expenditure on improving the efficiency of our plant and machinery in an effort to cut costs.

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INTERIM STATEMENT

Although interest rates have fallen over the first six months of our year they have fluctuated considerably. Profits achieved for this period are at a good level and markedly higher than in the comparable period last year.

The directors have decided to leave the interim dividend unchanged in respect of the half year to the 5th October, 1980, namely 5 pence per share on the issued ordinary share capital. An increase in the final dividend is likely but the size of any increase will be influenced by the course of interest rates during the second half of our year.

The dividend will be paid on 4th December, 1980, to members on the register at the close of business on 7th November, 1980. Transfer books will be closed for the day on 10th November, 1980.

15th October, 1980.

THE MANAGEMENT PAGE

Cash cows: a breed in need of careful milking

BY STUART SLATTER

COWS, DOGS, stars and question marks became four of the most fashionable management buzzwords in the 1970s, as senior managers started to catch on to new ideas about strategic planning.

Some of the new concepts are conceptually very simple, and therein lies their appeal for managers. But it is also their main weakness. Too many strategic decisions are now being taken on the basis of an indiscriminate application of such concepts, particularly the famous "product matrix" or "business portfolio matrix," which is where the cows, dogs, and so on come in.

The matrix is an attempt to apply the idea of managing a portfolio to one of the key strategic issues facing top management—deciding what is the appropriate mix of products or businesses in which to compete. The matrix relates corporate cash flows to market share and market growth.

It is based on two main ideas: first, the use of cash is proportional to the rate of growth of a product or business (the vertical axis); and secondly (the horizontal axis), the generation of cash is a function of market share because of unit cost reductions associated with increasing volumes (the much-publicised "experience curve" effect).

The matrix is shown in the illustration. Products or businesses fall into one of the four quadrants and are categorised as either stars, cash cows, dogs or question marks.

The apparent simplicity of the portfolio matrix concept appeals to most managers, but few seem aware of the practical

pitfalls in its application. There are at least eight.

(1) Defining The Relevant Market

Market definitions are arbitrary. Hoffman-La Roche, the Swiss drugs group, argued before the British Monopolies Commission that it did not have a dominant position with Librium and Valium in the tranquilliser market. The Monopolies Commission claimed the company had a 68 per cent share of the market; the company claimed it had only a 13.1 per cent share. Why the difference? Hoffman-La Roche defined the relevant market very widely, claiming that over 600 products were "in some way in competition" with Librium and Valium, including aspirin.

Key question

The key question for the strategist relates to the issue of product substitution on the demand side. Does the market only include competitors selling products with similar product characteristics, or does it include all products bought for the same use by customers? The right balance is difficult to strike, and yet it is critical if the portfolio matrix is to be a useful analytical tool.

(2) The Value of Market Share

The product portfolio matrix implicitly assumes that high market share is more profitable than low market share. There is no doubt that in many industries where economies of scale are available high market share does lead to higher returns. The crucial point for the practising manager to

remember is that high market share does not always lead to higher profitability. Evidence from several UK companies indicates that beyond a certain limit they are unable to obtain additional cost advantages, even when "good" management and adequate investment are available.

Furthermore, high market share may result from factors other than lower unit costs. Advantages such as superior product quality, superior after-sales service, company image and reputation, or control over channels of distribution—all of them aspects of what is generally known as "product differentiation"—may be the major determinants of market share; advantages which may require a higher cost structure than that of competitors. Where these factors are important, it is not inconceivable that low market share may be more profitable than high market share.

(3) The Effect of Market Structure

A critical factor to be taken into account in assessing the usefulness of the portfolio matrix concept is market structure (the size and nature of the suppliers, the competitors and the customers). Market structure determines the feasibility and cost of increasing or maintaining market share, and the firm's ability to generate enough cash flow in the mature phase of the market to provide an adequate discounted return on capital investment.

(4) Validity Of The "Product Life-Cycle"

Implicit in the matrix is the idea that once the growth rate of successful products has started to slow down, it never increases again. This implies that a mature dying product can never "take off." In most instances this is true, but marketing managers can often point to exceptions. The product life cycle is far from being a hard and fast law, and care needs to be taken in its use.

(5) Market Stability

Building market share to reap the cash benefits when the growth rate of the market slows down assumes that the maturity phase will last long enough to provide an adequate return on the cash invested in the growth phase. In growing markets, and particularly those in a state of

technological turbulence, a new generation of products can be introduced on to the market even before the growth rate of the earlier generation has started to slow down.

(6) Interrelatedness Of Product-Market Segments

The product portfolio approach to formulating strategy tends to look at a business in terms of a series of individual strategic business units. Unfortunately, life is not so simple. For many firms, product-market segments are interrelated. Firm A, for example, may choose to compete aggressively in a given product-market segment, pricing at marginal cost because it regards the market segment as a peripheral business activity, useful for filling up plant capacity.

(7) Dismissing The Dogs

Perhaps the most controversial aspect of the growth-share matrix for managers is the idea that those businesses (or products) with low market share in low growth markets should be divested or liquidated. For many firms, a high percentage of all products and businesses probably fall in this category. For practical reality for many managers is that they have to manage not just a dog, but a whole "kennel of dogs." Getting out of a business is not that easy; there are often considerable barriers to exit.

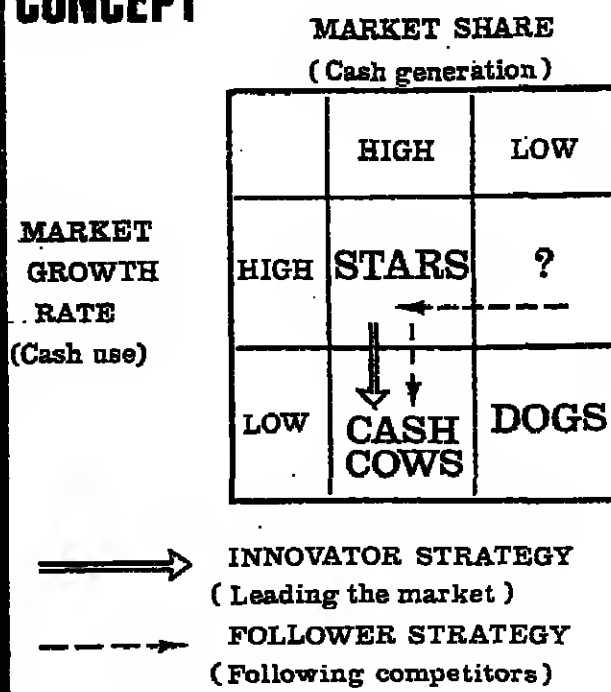
(8) Distorting The Facts

Even assuming one can measure market shares and market growth rates reasonably accurately, how does one then decide what is the boundary between high and low share, and between high and low growth rates? What often seems to happen in practice is that managers play with the location of the boundary until they can "prove" whatever they want to. As with most management tools, we end up with the human factor distorting any potential benefit that could possibly be derived from the concept.

In spite of the pitfalls discussed above, the product portfolio matrix has been useful in forcing some managers to think about issues they might not have considered otherwise, and other managers to think about old problems in new ways. But the matrix is essentially a descriptive concept and not a prescriptive one. It can do no more than assist in strategic analysis.

Dr. Slatter is Lecturer in Business Policy at the London Business School, Sussex Place, London NW1 1UL (tel. 262-3030). A former exposition of his views will be published in the Winter edition of the School's Journal. The portfolio matrix concept was described in greater detail by Barry Hedley in *Long Range Planning Journal* for February 1977.

THE PORTFOLIO MATRIX CONCEPT



Other competitors in the same market segment may look upon the segment differently if they are not competing in the same mix of product-market segments as firm A.

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EEC funds: a way through the Brussels maze

BY NICHOLAS LESLIE

IT IS a familiar request: "Applications for loans must be sent in triplicate..." Bureaucracy still reigns, particularly in respect of European Community grants and loans.

No less than 23 different forms of such finance are currently available (the number is constantly changing) for projects as diverse as the promotion of improved marketing and processing of agricultural and fish products, research into the re-cycling of municipal and industrial waste, and anti-poverty programmes.

Knowing what all these facilities are is one problem. Knowing the conditions under which they are made available and the means of applying for them is quite another. Which makes a new "Guide to European Community Grants and Loans" a timely publication.

The guide is claimed to be the first of its kind to offer detailed information on all sources of European Community funds. It gives a background description of each, an explanation of the purposes of each type of aid, and the criteria that govern eligibility.

It is, it must be said, not an easy read. In general, it reflects standard bureaucratic wordiness with no translation into simple English. "This Decision, which amends Decision 71/80/EEC, is the Decision under which the Fund currently operates" is simple stuff compared with some passages. But at least it is all there, and explanations and guidance are easier to follow.

The examples given of projects that have qualified for finance should give potential applicants a useful insight into whether they stand a chance of being funded.

The guide, prepared by Euro-information, specialists in European Community information, shows that in certain respects the British are already well off the mark in getting hold of Community funds.

A sizeable portion of funds from the European Coal and Steel Community—which are designed to help safeguard employment and encourage economic expansion in coal and steel producing regions—have made their way to the UK.

Of total loans of 4.84bn European Units of Account (about £3.9bn) granted between 1954 and 1977, 1.08bn EUAs (£660m) were granted to the UK.

This was the second highest figure after West Germany, even though the UK is a relative newcomer to the Community.

The publishers plan to update the guide from time to time to cover both the introduction of new funds and any changes that are made in the rules covering existing ones.

A Guide to European Community Grants and Loans, published by Euroinformation, 20 Colindale Avenue, London NW9 1DA. Price £9.50.

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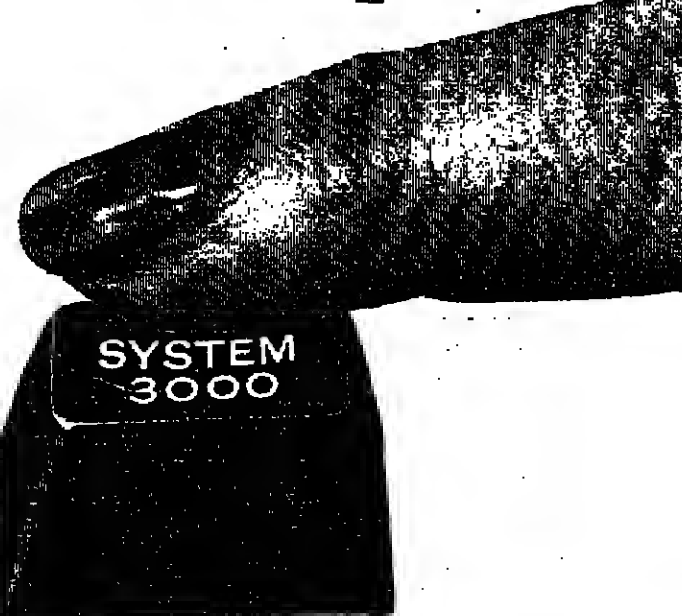
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Introduction to Forecasting. London. November 17-20. Fee: £200. Details from Department of Management Science, Imperial College, Exhibition Road, London SW7 2BX.

Planning for the Emergent Environment of the 80's. London. November 11. Fee: £105 (£90 for members of Society for Long Range Planning). Details from SLRP, 15, Belgrave Square, London SW1X 8PU.

Appraising your Performance. Annual System. Uxbridge. Middlesex. November 3-5. Fee: £180. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH.

The Employment Act 1980. Coventry. November 19. Fee: £50. Details from School of Industrial and Business Studies, University of Warwick, Coventry. CV4 7AL.

Export Techniques. Brighton. November 10-11. Fee: £130 (plus VAT). Details from Courage Registrar, MSS Computer and Business Consultancy, MSS House, 24 Chapel Road, Worthing, West Sussex. BN11 1BE.

Children and Young People: Marketing and Social Research. Vienna. November 5-7. Details from ESOMAR Central Secretariat, Wamberg 37, 1083 CW Amsterdam, The Netherlands.

Information Technology '80. Monte Carlo. November 10-14. Details from Onlino Conferences, Argyle House, Northwood Hills, Middlesex HA6 1TS.

The battle over recent history

BY ANTHONY HARRIS

RECENT LEAKS from Whitehall continue to speak of indecision about the next steps in monetary control, and this is hardly surprising. It might be possible to settle the doctrinal arguments, but practical control means knowing where you are starting from, and this remains a mystery wrapped in an enigma. Some of the most important policy arguments are therefore disguised as arguments about recent history.

Natural hump?

Given that there actually was some kind of monetary explosion between February and August — and the only arguments now seem to be how big it was — a series of questions is arising.

First, could it have been prevented by higher interest rates? If it would this have been the right thing to do, or was the "explosion" just a natural hump reflecting the onset of recession?

Finally, if it was such a hump, could any change in the institutions prevent such things occurring in the future? The division is so much the lines you might expect. Those who argue that freeing interest rates would make monetary control effective are those who lean towards monetary base control — the people Tim Congdon recently identified as the successors to the nineteenth century currency school.

Side-effects

On the other hand the protectors of British Banking As We Know It — the successors to the old banking school — argue that volatile interest rates cannot have done the job, quite apart from the disastrous side-effects. What we could now do is either to stop worrying about humps, or try other methods of achieving smooth control, of which by far the most promising is somehow to make room in the long-term capital markets for the return of corporate borrowers.

At this point a sort of agreement emerges between the two

The last turbine

BY RAYMOND SNODDY

ON A clear day Mr. Raymond Harrison can look out of his office window across the Irish Sea to the Mull of Kintyre. But it is more likely that his mind will be on the cost of shipping his raw materials — steel plate and heater tubes — and the remoteness from headquarters in Rugby, rather than on the beauty of the view.

For Mr. Harrison is the general manager of GEC Turbine Generators' plant at Larne in Co. Antrim, a factory built in the early 1950s when there was a shortage of world generator capacity which now has to survive when there is a world surplus.

The workforce have produced around 70 turbines for power stations from Buenos Aires, Beirut and Hong Kong to Belfast and on the other side of Larne harbour.

But now GEC Larne has probably produced its last turbine — for the new power station at Kiltroil by the side of Belfast Lough. Ironically the last two of the station's four turbines will be put in mothballs because of surplus generating capacity in Northern Ireland.

As part of a GEC rationalisation Larne which used to produce the complete power station package will in future concentrate on reheaters and condensers with turbines being



endemic fears in the town for the future of the plant. Although its workforce is down from a peak of 1,500 to about 1,000 it is the largest employer in the area with an annual wage bill of £5.5m.

One of Mr. Harrison's most monotonous tasks is having to scotch rumours, almost on a daily basis, that GEC plans to stop production. "We have spent around £2m on new equipment this year. That is not the action of a company planning

to pull out," he says. In fact there are orders to keep the present workforce occupied for another year and hopes are high that the plant will also get the reheaters and condensers contract for the Torness nuclear power station in Scotland which should safeguard jobs until 1983.

The factory's achievements include a place in the Guinness Book of Records for the heaviest load ever moved on a public road in the UK. When the 400 ton reheater for a nuclear power station at San Onofre, southern California, inched its way to Belfast docks there was a holiday atmosphere in the town and they had to take down telephone wires to let it pass.

The workforce, in what is an intensely "Loyalist" town — the constituency of the Rev. Ian Paisley — has other achievements to its name. The worst strike at the plant was not over pay or conditions but part of the successful campaign to torpedo the power sharing executive of Mr. Brian Faulkner. Even now there are tiny Union Jacks on the top of sophisticated drilling equipment at the plant.

The possibility of GEC closing is a "nightmare" for Ald. Roy Beggs, the Mayor of Larne. "I don't think Larne could easily recover from a disaster of the magnitude of GEC departing.

Storm Bird faces formidable task

SIX — the same number as a year ago — contest today's William Hill Dewhurst Stakes over the Rowley Mile course and, as 12 months ago, Vincent O'Brien's Cashel stable is racing the favourite.

This time the even-money chance, Storm Bird, under the four runs carries plenty of Irish confidence and there is no doubt that his connections will come away disappointed if he fails to

maintain the sequence. He may well win again, but the fact remains that to-day's group one event sees him facing by far his most formidable task to date.

In To-Agori-Mou and Centurius P. Edders' amount comes up against two home-trained colts with strong claims for consideration.

RACING

BY DOMINIC WIGAN

1.20 pm HTV News, 2.00 Houseparty, 3.45 George Forman's 15 Mins and Mandy, 5.00 Report West, 6.30 WKRP in Cincinnati, 7.30 Tenspeed, 8.30 News, 9.00 HTV News, 10.30 Report Extra, 11.05 Benson, 11.55 Doctor's Private Lives.

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fully-bred filly in Figurehead and a head-belt that this bay by Seaport out of the high class No Saint can greatly enhance her padlock value with a win in the Bodensee Stakes.

The Tote, so often the front runners when it comes to a new ante-post book, are already advertising prices on the major Cheltenham championships. The comparative novice, Venture 10 Cognac, heads their markets on the Tote Cheltenham Gold Cup at 10-1, while Sea Pigeon occupies the same position at 5-1 for the Waterford Crystal Chompton Hurdle. The Tote report little interest in the Gold Cup but have laid Heighlin to "good money" in the Champion Hurdle.

To-Agori-Mou will be even better served by today's stiff course and easier surface than he encountered at Sandown and may well surprise the favourite Centurius, a full brother to Grundy and a colt of immense scope, is likely to need more time before showing his true worth.

Mrs. Dick Hern has a beautiful

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ENTERTAINMENT GUIDE

THEATRES

ADOLPHUS, 8.15-8.30, 8.30-8.45, 8.45-9.00, 9.00-9.15, 9.15-9.30, 9.30-9.45, 9.45-10.00, 10.00-10.15, 10.15-10.30, 10.30-10.45, 10.45-11.00, 11.00-11.15, 11.15-11.30, 11.30-11.45, 11.45-12.00, 12.00-12.15, 12.15-12.30, 12.30-12.45, 12.45-1.00, 1.00-1.15, 1.15-1.30, 1.30-1.45, 1.45-2.00, 2.00-2.15, 2.15-2.30, 2.30-2.45, 2.45-3.00, 3.00-3.15, 3.15-3.30, 3.30-3.45, 3.45-4.00, 4.00-4.15, 4.15-4.30, 4.30-4.45, 4.45-5.00, 5.00-5.15, 5.15-5.30, 5.30-5.45, 5.45-6.00, 6.00-6.15, 6.15-6.30, 6.30-6.45, 6.45-7.00, 7.00-7.15, 7.15-7.30, 7.30-7.45, 7.45-8.00, 8.00-8.15, 8.15-8.30, 8.30-8.45, 8.45-9.00, 9.00-9.15, 9.15-9.30, 9.30-9.45, 9.45-10.00, 10.00-10.15, 10.15-10.30, 10.30-10.45, 10.45-11.00, 11.00-11.15, 11.15-11.30, 11.30-11.45, 11.45-12.00, 12.00-12.15, 12.15-12.30, 12.30-12.45, 12.45-1.00, 1.00-1.15, 1.15-1.30, 1.30-1.45, 1.45-2.00, 2.00-2.15, 2.15-2.30, 2.30-2.45, 2.45-3.00, 3.00-3.15, 3.15-3.30, 3.30-3.45, 3.45-4.00, 4.00-4.15, 4.15-4.30, 4.30-4.45, 4.45-5.00, 5.00-5.15, 5.15-5.30, 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Cinema

by NIGEL ANDREWS

Enjoy

by B. A. YOUNG

But at least we have a jolly performance from Joan Plowright as Connie, a courageous performance from Colin Blakely as Wilfred, a husky appearance by Susan Litterer as Linda and an embarrassed one by Phillip Sayer as Ms. Craig, the name taken by the Cravens' son after his sex change (if he had a sex-change, I wasn't sure). The infallible Ronald Eyre is the director.



Anniversary season by DOMINIC GILL

A Dinner Engagement

In *Red Peppers*, Sallyanne Law and William Baden as George and Lily Pepper shout, quarrel, sing and dance with tremendous attack, putting over the two music-hall numbers that frame the central scene in the sleazy dressing room—Mr. Jaeger's revolving set is a winner—like seasoned professionals.

G. N. Stanton, a one-hour lecture
The City University, Northampton Sq
London, EC1, at 1.00 pm, October
27 and November 10.

GILT SPECIALISTS

1. *Journal of the American Medical Association*, 2000; 284: 2689-2694.

1. *Journal of the American Medical Association*, 1997; 277: 1039-1043.

A.B.N. Bank	16	%	■ Hambros Bank	16	%
Allied Irish Bank	16	%	■ Hill Samuel	16	%
American Express Bk.	16	%	C. Hoare & Co.	16	%
Austr. Bank	16	%	Hongkong & Shanghai	16	%
Henry Ansbacher	16	%	Industrial Bk. of Scot.	16	%
A P Bank Ltd.	16	%	Keyser Ullmann	16	%
■ Arrhenoth Latham	16	%	Knowsley & Co. Ltd.	18	%
Associates Cap. Corp.	16	%	Langris Trust Ltd.	16	%
Banco de Bilbao	16	%	Lloyds Bank	16	%
BCCI	16	%	Edward Manson & Co.	17	%
Bank of Cyprus	16	%	Midland Bank	16	%
Bank of N.S.W.	16	%	■ Samuel Montagu	16	%
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Barclays Bank	16	%	P. S. Refson & Co.	16	%
Brennar Holdings Ltd.	16	%	Rossmittler	16	%
Brit. Bank of Mid. East	17	%	Ryl. Bk. Canada (Ldn.)	16	%
■ Brown Shipley	16	%	Schlesinger Limited	16	%
Canada Perini Trust	16	%	F. S. Schwab	16	%
Cayzer Ltd.	16	%	Security Trust Co. Ltd.	17	%
Cedar Holdings	16	%	Standard Chartered	16	%
■ Charterhouse Japhet	16	%	Trade Dev. Bank	16	%
Chongkong	16	%	Trustee Savings	16	%
C. Hooley	16	%	Twentieth Century Bk.	16	%
Consolidated Credits	16	%	United Bank of Kuwait	16	%
Co-operative Bank	16	%	Whiteaway Laidlaw	16	%
Corinthian Secs.	16	%	Williams & Glyn's	16	%
The Cyprus Popular Bk.	16	%	Wintrust Sers. Ltd.	16	%
Duncan Lawrie	16	%	Yorkshire Bank	16	%
Egisl Trust	16	%			
E.T. Trust Limited	16	%	■ Members of the Accepting House		
First Nat. Fin. Corp.	18	%	Committee.		
First Nat. Sers. Ltd.	15	%	• 7-day deposits 14% 1-month		
Robert Fraser	16	%	deposits 15%.		
Anthony Gibbs	16	%	• 7 day deposits on sums of £10,000		
Greyhound Guaranty	16	%	and under 14% up to £50,000		
Grindlays Bank	16	%	and over £50,000 14%.		
			• Call deposits over £1,000 14%.		
			• Demand deposits 14%.		

The many ensembles are the opera's chief musical delights and Miss Peters produces these—in one instance choreographs—would be a more suitable word—most skilfully.

Paul Parfit remembers Lord Dunmow's former glories with gentle nostalgia. Christine Bunning gives Lady Dunmow a frantic nervous energy, amusingly contrasted, with Jenny Biller's statuesque calm as the

G. N. Stanton, a one-hour lecture
The City University, Northampton Sq
London, EC1, at 1.00 pm, October
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Friday October 17 1980

Money in its real context

THE PRESENT Government has chosen to put control of the money supply at the centre of its economic strategy, and during recent months that control has been visibly failing to achieve its objectives. In the short term, at any rate, it is not surprising, then, that both the Chancellor and the Government have adopted a philosophical and somewhat defensive tone in their annual report to the financial community at the Mansion House last night. They both, however, allowed themselves some optimism about future trends. Perhaps more encouraging, they both suggested that some important lessons have been learned from recent troubles.

Public sector

There was certainly no sign that anyone in authority believed that there is some magic system of monetary control which will cure the ills of the real economy — the kind of thinking that may in the past have led the Government to hope that its monetary resolve would somehow cancel out the consequences of granting 25 per cent pay increases in the public sector. On the contrary, the Chancellor devoted some time to the challenge of managing the public sector effectively — controlling costs, imposing wage settlements which reflect economic realities, and finding ways to ensure that publicly owned industries do not assert their monopoly position at the expense of the rest of the economy.

If success can be achieved in these aims, it is likely to do far more to restore monetary control than any purely technical change. As the Governor put it in his recent speech: "The task is made easier or more difficult, and its pain lighter or heavier, by the extent to which the actions of economic agents in society — government and public authorities — and corporations, employers and wage earners — are consonant with the guidelines." It is of course possible to imagine a tighter and more continuous control of the creation of money achieved on a more continuous and shorter-term basis: temporary pressures and distortions would then be turned back more abruptly on the real economy instead of being reflected in temporary variations in monetary growth.

Both the Governor and the Chancellor appear to be fairly confident that the recent surge

in monetary growth is largely a result of "temporary pressures and distortions." The sharp rise in public sector borrowing during the summer, and the simultaneous peak in industrial borrowing by companies were virtually bound to come through in the money figures: both forms of credit demand are now seen to be abating, so it may be all right on the night. There is no need to question this encouraging diagnosis. If the Chancellor's hopes of an "autumn of understanding" on the wage front are also justified, our prospects could improve very rapidly.

However, relative optimism about the future does not justify any complacency about the recent past: even if the Government's anti-inflationary objectives are proved in the end to have been achieved, the real cost in output and employment has been heavy.

It could have been lower. The Governor's implied reproach to the Government for failing to adopt a fiscal policy consonant with its monetary objectives is deserved. Excessive Government credit demand has made the peak in both interest rates and the exchange rate higher than it need have been, at a time when, as the Chancellor pointed out, the rise in North Sea oil production already imposes a pace of change which he mildly called "disconcerting." Equally, the recent discovery that funding outside the main financial markets might help to make restraint less disruptive has been made rather late in the day; earlier action here might have avoided a summer in which money raised to fund Government borrowing had to be recycled to the banking system, provoking confusion and mistrust.

Time lag

In other words, even under existing pressures and distortions have been turned back pretty abruptly on the real economy. If control is now to become tighter, it is more essential than ever that the lessons about the conduct of the real economy, and especially the two-fifths of it directly controlled by central and local government, should be learned in good time. The great merit of monetary policy is that it shortens the time lag between cause and effect; but when policies are mistaken, that it also its great threat.

Non-alignment Indian style

MRS. INDIRA GANDHI is a politician of parts. The Indian Prime Minister has a talent for living dangerously. She knows how to get away with playing both ends against the middle. These talents have been exercised to the full since the Soviet Union invaded Afghanistan. To begin with India reacted with understanding; subsequently it described the invasion as "inadmissible." But in practice India has given priority to its Treaty of Friendship with the Soviet Union, concluded in 1971.

That was the year of the last Indo-Pakistan war, when the U.S. placed an embargo on arms deliveries to India. Mrs. Gandhi concluded that Washington was unreliable. Moreover, she appears to be convinced that the Soviet Union has the advantage in the great power game played in the region of Asia. There is no reason to suppose that she has changed her basic assumptions, even though the Americans have lately made two moves which they at least regard as concessions to India. They have sanctioned the delivery of two batches of lightly enriched uranium for Indian reactors, and have concluded a \$340m arms deal. Uranium deliveries had been suspended when India exploded a nuclear device. Permission is still outstanding for the delivery of a third batch.

Obligation

To Indian eyes the uranium deal may appear to be a slightly different light. New Delhi argues that the U.S. is under a contractual obligation to supply the uranium. As regards the arms, Indian soldiers want diversified sources of supply for security reasons. But before reading too much into that it is as well to know that both the arms deal and the resumption of uranium shipments go back to initiatives taken not by Mrs. Gandhi, but by the Janata Government of 1977-80.

There are other sources of irritation between India and the U.S. For instance, India is not satisfied with the roughly £100m of aid which it receives annually from the U.S. A comparable figure for Soviet aid does not exist. Soviet practice has been to offer India soft

terms for its purchases of Soviet goods, with a transparent political motive. The most recent events provide an illuminating example. India has been hard hit by the loss of oil supplies from warring Iran and Iraq. A request to Moscow to fill the gap went unheeded. Instead, Moscow offered a long-term deal to swap Russian oil for Indian grain. The offer makes commercial sense, especially against the backdrop of Soviet commercial practice. But it would also tie India more closely to the Soviet Union.

The real reason why Mrs. Gandhi leans towards Moscow rather than Washington does, however, lie deeper. Indo-Chinese relations have still not been cleared up fully since the war of 1962. On the western flank, Kashmir remains a bone of contention with Pakistan. The Peking-Islamabad-Washington alignment brought about by the invasion of Afghanistan cannot but cause Mrs. Gandhi concern for the regional balance.

Vacuum

So far she has usually coped with it. But accidents will happen. Other than Communist China, India is the only State besides the Seychelles to have recognised the Ho Chi Minh regime in Kampuchea. This week the UN General Assembly refused to expel a Kampuchean delegation from the overthrown Pol Pot Government. India must have been embarrassed — whatever one may think of Pol Pot's murderous record.

India remains a non-aligned State, if a somewhat lopsided one. But under Mrs. Gandhi it has lost all claim to leadership of the non-aligned world. Whoever can fill the vacuum left by the death of her father, Mr. Jawaharlal Nehru, in 1964, and of Marshal Tito this year, it is not Mrs. Gandhi. More over living dangerously is risky by definition. At home Mrs. Gandhi's career very nearly ended when she lost the election of 1977. Abroad, a consolidation of Soviet power over Afghanistan could make her balancing act very hard to keep up.

Life at the base of the pyramid

IF THE Confederation of British Industry had not just found itself a new director-general, some leading industrialists would probably suggest that the job ought to be offered on an honorary part-time basis to Mr. Harold Macmillan, the 86-year-old former Conservative Prime Minister.

On Tuesday night Mr. Macmillan said on television that he was frightened because the pressure of the Government's policies was bearing on the public services "but upon private enterprise which is at the bottom of the pyramid, but supports the whole." The Government should not have started out by squeezing "poor old private enterprise."

On Wednesday, when the CBI's monthly council meeting assembled in sombre mood, those words were the only bright spot on an otherwise gloomy industrial canvas. Last month the council passed a resolution calling for Government action, but this month it saw little point in doing so again, in spite of the fact that a new round of cuts, redundancies, and closures has begun, highlighted by this

week's news of the 4,200-job retrenchment at ICI Fibres.

Indeed it almost seems, after months of urging the Government to make dramatic cuts in the levels of MLR and sterling, as if industrialists are beginning to accept that there will be no early salvation in these areas. Even if there were to be cuts of 1 or 2 per cent in MLR during the next few weeks, their problems would not be solved.

Instead they are turning their attention increasingly to calling on the Government to cut back public sector pay rises and to adopt a more realistic basis for nationalised industry financial limits so as to ease the pressure on energy costs. They themselves are doing what Ministers want by trying in many cases to achieve single-figure pay settlements this winter.

At the same time, Ministers and their advisers are being told by individual companies that, in spite of the cuts being made in industry, the Government should not relax its policy. This is not to say that the CBI will stop clamouring for help, nor that industrialists would not mind some sort of general or selective help. What it does indicate is that a significant number of companies still believe a long-needed

JOHN ELLIOTT reviews the issues raised in our series on British companies. In the last report MARTIN TAYLOR (below) finds one company making the best of things

shake-out is taking place and should not be stopped yet.

In many ways, this is the message that has emerged from the 15 articles on individual companies published in our Wrestling with Recession series in the past three weeks. One knows of course that such a series will not uncover all the worst stories, partly because companies do not want to give encouragement to their competitors.

But what has emerged is a picture of industry being forced to take stock and cut back, of companies facing hard times because they have under-invested or have not innovated enough, and of other companies surviving because they have gone through their own crises in the past few years. Then there are others being under-estimated by the value of sterling, which is pushing their perfectly adequate goods out of foreign markets that might be

lost for ever. For others, the main worry is that the permanent cut-backs and closures taking place among their traditional customers at home will make the eventual climb back out of recession much more difficult than usual.

While there has been a widespread reduction in investment however, few if any companies have admitted that they are cutting research and development which, if true, is encouraging. But — not surprisingly — they seem to be so preoccupied with surviving the winter, that hardly anyone is talking optimistically about how they intend to innovate and lead their leaner and fitter companies to new successes after the recession. There are also worrying reports of considerable cuts in training, both of graduates and apprentices, which will create problems for companies in the next few years.

The social cost of 2m unemployed is causing growing concern among industrialists when the possibility of the figure rising to 3m is being widely discussed. No one who experienced the vicious mood of the many young demonstrators last Friday outside the Conservative Party Conference in Brighton can disregard the problems of youth unemployment yet the main constraint on the Government, which would like to ease some of the effects of the recession, is its determination not to increase public spending.

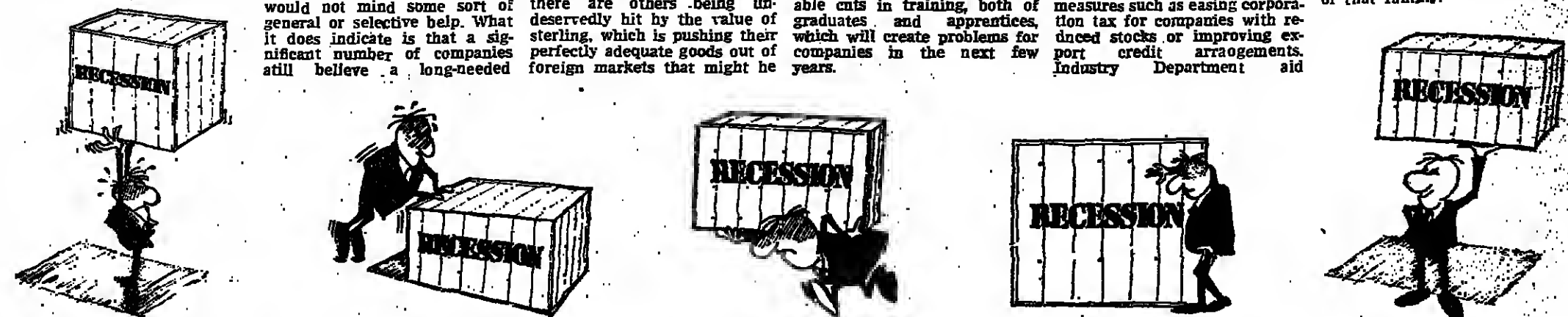
Money spent on youth unemployment schemes has to be taken from other Departmental Budgets and this makes it more difficult for industry to be given help. The Chancellor said last week that industry will get priority treatment when he is "able to ease the load." But even that help will be highly selective, and cancellations of either the national insurance surcharge or the regional development grant moratorium do not seem to be high priorities.

Instead, the help may include tax concessions for small businesses and maybe other special measures such as easing corporation tax for companies with a record of exports or improving export credit arrangements. Industry Department aid

schemes to encourage research and development may be topped up and extended. Against this background industrialists are hoping that they will soon see the bottom of the recession and some are taking a little heart from a belief that some de-stocking may ease some of the rate of decline in order books is easing. But every optimistic indication there are overwhelming contrary reports, with an increasing number of businessmen fearing for the future of the country's industrial base.

One well-known industrialist who believes that industry will emerge leaner and fitter after shedding the fat of the past decade, and who rejects the notion that the country's industrial base will be severely damaged, reminded me recently of the Joseph who interpreted Pharaoh's dream about the "seven years of great plenty" being followed by seven years of famine.

But the industrialist has apparently forgotten that the Genesis 41 account continues: "The famine shall worsen for use the land, and the plenty shall not be known in the land by reason of that famine."



'We're Yorkshiremen, and quite good at bargaining'

"WE ARE managing on the present exchange rate. If I wanted to be greedy and idle about it, then I'd like to see it down. I was brought up when the exchange rate was high. Too many people want something for nothing."

Mr. Leonard Dale, chairman of Dale Electric International, is not complaining about the level of sterling, although he admits that it is disconcerting to find U.S. companies offering to sell electric generating sets to Saudi Arabia for the same number of dollars as Dale is quoting pounds.

But the main problem behind the collapse of Dale's first half profits in the financial year to April 1980 from £1.9m pre-tax to £434,000 was not the exchange rate.

Dale was hit by the more or less simultaneous loss of four major export markets — Iran, Iraq, Nigeria and Turkey. In the previous year they had accounted for roughly a quarter of the group's exports. This sort of blow could be seen as devastating for example, the loss of these same important diesel engine markets weakened Rolls-Royce Motors' finances to the point where it allowed itself

to be taken over.

But Dale seems to be through the worst, in spite of the impact of the UK recession and a year of record interest rates. That is not to say its return on sales or capital employed is satisfactory.

The company's annual report radiates confidence. Second half profits were double the first half level, although this still left a 60 per cent fall for the year as a whole. More importantly, the order book is rising sharply. In the main "generator" subsidiary, the intake is 90 per cent higher now than at the beginning of the summer, and for the group as a whole it stands at £14.7m, about seven months' sales.

Dale's first priority was to find new export markets. The present order book is the result of a sales drive in the Far East markets, which were relatively small in group terms, as well as in the remaining Middle Eastern markets, particularly Saudi Arabia. Both the Iraqi and Nigerian markets are slowly coming back. Naturally enough, margins have suffered, particularly in the Far East where Dale has been cutting prices hard. But volume has been recovered: Dale never seriously considered the option of withdrawing from

DALE	
Profits (to April 29, 1980)	£1.3m
Sales (to April 29, 1980)	£24.2m
Exports	£8.9m
Employees	1039
Capital employed	£17.5m

export markets, which would have required it to shrink drastically.

The other effect of the last year's problems has been to accelerate Dale's shift towards producing specialised machinery, which can sell on quality rather than simply on price.

Mr. Dale says the group decided on the move towards the higher end of the market as a strategic aim as early as 1952, but it remained an important manufacturer of standard sets at its Hull factory. Only a year ago, the chairman's report saw "an excellent long-term role for the Hull factory, but the shape of the market has changed so rapidly that the plant has had to be closed.

Standard generator manufacture is now concentrated in the main Fife plant, and a new factory has been opened in Leeds to assemble and test large specialised diesel and gas turbine generators. Dale did not seek Government aid to keep Hull open. It was not a question of riding out a cyclical decline, but of recognising a fundamental change in the market.

The Hull closure helped the group to reduce stocks and thus avoid any increase in borrowing in spite of the sharp fall in its operational cash flow. Jobs were found for nearly all the workers made redundant, and a stock storage depot which used to handle Hull's production is up for sale.

Since the end of the year net borrowings — £3.9m in the balance sheet, equivalent to 37 per cent of tangible net worth — have been cut a little. The group hopes to be able to save something on interest paid this year. Last year the interest charge was £758,000, up from £490,000 in 1978-79.

It is not only the rise in the overseas order book which convinced Dale the worst is over, but also the UK market for its products, where volume is

steady and prices stabilising. A number of small companies had apparently been building sets for stocks in the serene expectation that Britain was heading for a winter of strikes and, inevitably, power cuts sooner or later. These products have been dropped on the market at low prices, and many of the manufacturers have since pulled out of generators altogether.

Dale's own behaviour cannot have helped the situation much. While many British industrial companies, faced with a collapse in their home market, have pushed up exports (on low margins) just to keep their volume up and recover overheads, Dale did the reverse last year, raising home sales from half to two-thirds of unchanged turnover.

That it was able to liquidate stocks at any profit at all on the home market gives some idea of the lack of import penetration in generator sets. Many foreign manufacturers do not make products to meet British legal requirements, which makes it much easier for Dale to use its home market as a safety valve.

The other advantage the group possesses is that most of

its customers are not themselves affected by the general fall in demand. It is selling to the telecommunications industry worldwide, making equipment for use in oil projects and working on military contracts. At the same time, through its Houchin subsidiary, it is closely involved with the aerospace industry.

Dale has managed to cut some purchasing costs; it is buying engines and alternators from UK manufacturers cheaper than a year ago. "We're Yorkshiremen, and quite good people at bargaining." Some engines are bought from Europe and the U.S., but foreign sourcing has not increased significantly.

Wage negotiations have not been a problem. Dale follows the national settlement with the electrical trade unions, for which Mr. Dale has nothing but praise. "Demand for expenditure has not been cut. As for general belt-tightening? "We're Yorkshiremen," says Mr. Dale again, "and I ask them all to be careful with the telephone."

Reprints of this series of 15 articles describing how British industry is coping with recession will be available shortly from the Financial Times Publications Department.

MEN AND MATTERS

China service for E & W

A fortnight before his retirement, Dennis Garrett, senior partner of accountants Ernst and Whinney, has gained the satisfaction of seeing his firm's man installed as the first Western accountant in Peking.

Garrett, the practice's Far East expert, has been engaged with his U.S. colleagues for the past 18 months to the mandarin complications of negotiating an E & W presence in the People's Republic. Now, as David Ma, a Shanghai-born partner in the firm's New York office, takes up residence, he feels he can depart to be "a successful drop-out" for a month or two at least.

It should not be long, however, before Garrett finds himself recalled to the City for other part-time pursuits. He was an important witness in legal proceedings that followed the Haw Par affair. In the ensuing "fever" in the mining ventures, the Board of Trade called on him to investigate a company that had run up debts

of nearly £2m in its search for gold.

Garrett will be succeeded by Peter Godfrey, who joined the practice in 1949, and is one of the few incorporated accountants to be found at the top of the profession's tree.

Godfrey, too, has a distinguished record as a government investigator. His expertise was called upon for inquiries both into Rolls-Royce and later into the Crown Agents.

Godfrey should find the firm's China venture plain sailing for a while. It gets under way with a seminar next month in Peking for 50 senior Chinese managers on the subjects of manufacturing costs and operational controls, computer applications and budgeting.

As part of a deal which allows the firm to assist Western businesses opening trade channels into the PRC, the firm's Chinese accountants in its U.S. offices.

Godfrey's immediate problems are more likely to crop up nearer home. Negotiating for expanded office space in the City, he has just discovered that his rival bidder is also one of his weather clients.

Rare pleasure

It is as one who has "seen a thing or two" in life that I take my hat off today to a small Cheshire company which pursues one of the most frankly extraordinary trades I have ever encountered.

The Scotch Produce Centre, run by Richard Hunt and his father Geoffrey, is based at Disley. It is a farming and food business, and its speciality is the provision of "exotic meats."

For around £3 per pound, for instance, reindeer and llama — "a bit of a cross between lamb and white veal," says Richard Hunt — can be had. From the estate of a millionaire private breeder, and culled under strictly controlled conditions, the SPC will supply you with a bear or two — around £2.50 per pound. Private buyers have

snapped up six bruins in the past few months. Quite straightforward, no more expensive than steak, and interesting eating.

But pride of place in the SPC catalogue — and here I must ask you to suspend disbelief — is given undisputedly over to edible dormice. At £73 a brace, Where I asked wide-eyed, could one sell a 2½ ounce mouse for £39? And what sort of animal eats them?

"Animal? You must be joking," Hunt replied kindly. "Of all the delicacies we sell 85 per cent are an acquired taste. But with dormice, they are beautiful, soft flavoured meat. They are the sole delicacy that isn't off the menu. A spoonful of caviare is OK, but overrated."

And the prices? "Expensive and cheap is only relative to replacement value. They only breed once a year, and if they're highly disturbed, say by a big thunderstorm, they just kill their young. And they're only fed the very best quality food. You couldn't just go down to the local who's the greengrocer and ask for what he's got left."

SPC's bears can occasionally be found in a London restaurant. The mice are snapped up as fast as they squeak by local subscribers to the company's catalogue. "But if you ever do want to give a dinner party at home and have dormice, don't hesitate to give us a ring," concluded Hunt thoughtfully.

Cold comfort

However high temperatures may soar in the country during the coming "winter of commonsense," the Government intends to keep cool.

Whitehall departments have just been alerted to Energy Secretary David Howell's amendment to the Fuel and Electricity (Heating) (Control) Order 1974 which sets new limits for heating the corridors of power. The previous maximum of 68 deg. F has been reduced to 62.2 deg. F — though civil servants are assured that the statutory mini-

mum of 60.8 deg. F will not be changed.

"Ideally all offices in a building should be maintained at a uniform temperature level," says the notice. "In practice, it is usually impossible to achieve." It adds in rapid desperation, "But the Property Services Agency will increase its efforts to eliminate areas of over-heating."

Private stocks

Looking for a job? You could do worse than Amco Construction which, according to a newly-published survey by Jordan and Sons of Britain's top 2,000 private companies, pays its 716 employees an annual average of £2,472. Clocking in with the third-highest private total wage bill is Western United Investment Co, presided over by that name on every taxpayer's lips, E. H. Vestey.

It is not only in the domain of publicly-quoted companies that the British economy is flagging. In the past two years, says the survey, while private company turnover rose an average 17.3 per cent, pre-tax profits sank 2.6 per cent.

The Jordan survey has doubled its scope this year to take in a thousand second-division firms. Ranked by turnover, the full list runs from commodity broker Czarnikow (£1.4m) to Sutech and Seale Shipping (£2m).

Can you digit?

Prestige telephone numbers, like Harrod's 750 1234, have the twofold advantage of being easily memorised, and testifying to the apparent string-pulling power of the eminent subscriber. But the ultimately desirable digits have, I feel, been snapped up by Nigeria's Sir Olafemi Ologbunji II, the Olowo of Owu. Callers to the Olowo's residence at Afia Oba Olowo, Owu, need only ask to be connected to "Owo 1."

Observer

NOW NIPPON CHIP IN THEIR \$100 MILLION

Several billion dollars has already been put into the electronics industry in Lothian Region, and it's the sort of money that's still going in. Nippon Electric are the latest, with almost \$100 million invested in their new plant at Livingston. Not surprisingly, they're not just here for the scenery. For that sort of money, you'd expect something pretty special.

Like a workforce that has literally grown up with the electronics industry, because it's been here since the days of the Second World War.

Like easy access to the whole of the European market, and beyond, by air, sea, road and rail.

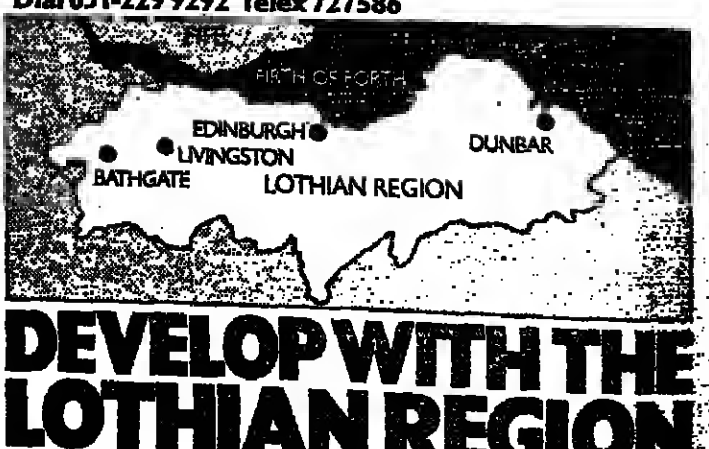
Like two universities and five technical colleges keeping everyone on their toes, and providing a constant source of top class employee material. And the world famous Wolfson Microelectronics Institute, with a 60-strong research and design staff and a highly advanced silicon chip production facility — all available to industry.

Like the full co-operation of Lothian Regional Council — so much so that it sponsored, back in 1979, the U.K.'s first Chair of Microelectronics, at Edinburgh University.

Plus the sort of working environment that key personnel are happy to settle in.

Mitsubishi, too, are here with their first manufacturing operation in Europe and so are Ferranti, Hewlett-Packard, Racal, ICL, Burroughs and MFE. If you come to Lothian, you'll be in very good company!

If you'd like to know more, get in touch with: R. I. Shanks, Industrial Development Manager, Lothian Region Development Authority, 18 St. Giles Street, Edinburgh, Scotland. EH1 1PT. Dial 031-229 9292 Telex 727586



DEVELOP WITH THE LOTHIAN REGION

Mrs. Thatcher's new name for intervention

THE VIEW from the top of the government is that the election of the Labour Party is a matter of no great importance. Mr. Denis Healey is not much liked (to put it mildly) and Mr. Peter Shore is not much known, but who cares who wins?

Such lofty indifference seems to be misplaced. If the intellectually pretentious and arch-conservative Mr. Shore were to succeed Mr. Callaghan, we could say goodbye to the Labour Party as a serious political force. On the other hand, Mr. Healey could give Mrs. Thatcher a run for her money, and a jolly good thing it would be both for her and for everyone else.

It is true that there are certain differences between them. Mr. Healey, for example, lacks the Prime Minister's moral fervour, and is probably glad to do without it. He is an agnostic where she is a believer. But they also have something in common. Both are pragmatists.

Mrs. Thatcher might not have said: "I recognise that I have offered no simple solutions, no panaceas. Even the goal I ask us to aim at is no new Jerusalem. Simply a country with stable prices, jobs for those who want them and help for those who need it."

She might have said, indeed it is probably buried away in one of her speeches: "There is in fact only one way to stop our industrial decline. We must prevent our unit costs rising so much faster than our competitors."

She certainly did not say, though it is now coming to understand: "The fact is that we shall do best if we continue to operate a mixed economy in which the operation of market forces is controlled by the Government through legal rules or through direct intervention. The only question is where the boundary should be set in par-

ticular cases between state intervention and the market."

All those quotations come from the seminal Healey text, the Dame Sara Barker memorial lecture of September 8, 1979. They should be waved at him by anyone interested in seeing Mr. Healey trying to make a go of the Labour Party. Let he forgets.

The key sentence is the one about the "only question" being where to draw the line between intervention and market forces. If only the political parties could agree that that was the only question, we should be close to re-establishing what Sir Keith Joseph has called the common ground. The Tories might veer a little towards the market and Labour in favour of intervention, but there would be an end to the violent swings between nationalisation and de-nationalisation.

It is a question to which the Prime Minister has obviously been giving some thought. The approach to industrial policy now evolving in and around Downing Street (and here we

The approach is not that different from Mr. Healey's

leave the Labour leadership issue until next week or there-after) is not vastly different from that preached by Mr. Healey or even from that practised by Mr. Callaghan's government.

The new phrase is "constructive intervention," sometimes slipping to "constructive interventionism." True, there is no suggestion of calling it purposive, dynamic or the new industrial strategy, but there is a distinct switch of emphasis. The attitudes of Mrs. Thatcher's first two State Interventions in industry is now regarded as good, provided that



Straws in the wind: Mrs. Thatcher and Sir Keith Joseph (left) after Tuesday's meeting with trade union leaders including (right) Mr. Alan Fisher, Mr. Clive Jenkins, Mr. Tom Jackson, Mr. Geoffrey Drain, and Mr. Norman Willis.

it is at the right time, in the right place, in the right industry and can be afforded.

Of course, the priority remains further cuts in public expenditure. There is no specific commitment to cuts of £1bn—indeed that figure might be thought a bit ambitious. But there are certainly areas which have been marked out for more savings. They include the nationalised industries, which are now being blamed for raising the cost of living as well as industrial costs in the private sector, and education.

The problem with education is that some of the spending is outside the Government's control because of the arbitration procedures for teachers' pay. Those could only be changed by Act of Parliament. Yet it is precisely because teachers' pay has risen so much that Mrs. Thatcher feels that the cuts are being made in the wrong places. One would expect to see a special effort to prevent the education authorities cutting back on such

areas as computer centres in schools or anything that contributes to industrial training.

It is here that the change of emphasis emerges. In a relatively little-noticed speech last month, the Prime Minister told the aerospace industry: "My principal theme is to consider ways in which Government and industry can work more fruitfully together." That was mainly about defence contracts. Since then, however, it is clear that the thinking has gone further.

Take, for instance, the Bowater affair. There seems little doubt that if the Bowater management had accepted the package of financial assistance that the Government put together in the past few weeks, Mrs. Thatcher would already have been accused of a major U-turn.

Beer and sandwiches at No. 10 are not normally associated with the present style of running things. Yet in the case of the proposed closure of Bowater's newspaper mill at

Ellesmere Port, the Prime Minister did receive both management and unions. The Government did attempt to keep the plant open, partly by offering funds under the 1972 Industry Act, and it did impress some of the trades unionists concerned with its sincerity. One of them is said to have remarked that if it was high energy costs that were causing Bowater the problem, why couldn't it use imported coal? It was better to have imported energy than imported newspapers. So much for trade union solidarity.

In the end, the management turned down the offer, arguing that the aid was being put up to provide a new plant rather than to make the existing one viable. That is not quite the Government's interpretation. Mrs. Thatcher is rather closer to Mr. Peter Walker than suspected.

It will not happen on a very large scale at first: the money is not available and too much of what there is is going to the

nationalised sector. The view is that Mr. Ian MacGregor will finally produce a plan to reduce the losses at the British Steel Corporation, but there is still concern about the demands by British Leyland. Much will depend on the success of the new Mini Metro, but it is held that the work force has still not done enough to show that it can make itself efficient. The injection of new funds into BL cannot quite be taken for granted. Shipbuilding is hoped to be over the worst.

The argument goes that if the demands of the nationalised industries can be restrained, more will eventually be available for the private sector—and not just through the market place. In the meantime, everything possible will be done to encourage industrial training. The Prime Minister still thinks that people should be more willing to travel, despite her unfortunate remarks in Wales. There are said to be places in skill centres in the North East going begging because people will not take the half an hour bus ride.

Will the new approach impress the unions? There

unions which was once on the Conservative agenda. Slowly it may be re-emerging.

The fact is, however, that very little is likely to come of such a formalised meeting as took place on Tuesday. Mrs. Thatcher agreed to it at the unions' request, but the formula is unsatisfactory. Around 40 union leaders face four Government Ministers, including the Prime Minister, and a handful of officials, but the unions have agreed among themselves in advance who shall do the talking. None of the rest of them are allowed to speak. The Government thinks this is because the unions do not want to be seen disagreeing with each other in front of Ministers.

Nevertheless, in smaller groups and in various Government Departments, the contacts continue. And in time some of the union demands to the Government will be met. The minimum lending rate will come down. Mrs. Thatcher hopes that this will ease the upwards pressure on sterling. Even on import controls the Government is not quite as purist as it would sometimes have us believe. The one crucial difference is that it wishes first to control public expenditure. If Mrs. Thatcher succeeds there, we may be in for some surprises.

Malcolm Rutherford

Everything will be done to encourage industrial training

There were very few signs of progress when the Prime Minister met the General Council of the TUC on Tuesday, though there were one or two straws in the wind. It was Mr. Len Murray, the TUC General Secretary, who suggested that perhaps the unions had underestimated the importance of monetary policy in the early 1970s, and then argued that the Government was overestimating it now. It was also Mr. Murray who raised the question of "concerted action"—the German practice of regular consultations between Government, employers and

COMPANY MEETINGS

Bollington Textile Printers, Arkrwright House, Parsonage Gardens, Manchester, 12. Compo, 7 Athyn Place, Edinburgh, 11. Meat Trade Suppliers, Winchester House, 77 London Wall, EC. 12. Surman Valley Tea Corporation, 52-54 Leadenhall Street, EC. 12. Walsbams, High Road, Willesden, NW, 12. Final dividends: Forward Technology Industries, Lowland Investment, Stothert and Pitt, Interim dividends: Allebone and Sons, Albert Martin, Mettoy. Interim figures: Charles Hill of Bristol, Turfitt Corporation.

Letters to the Editor

Sticking to the policy

From Mr. M. Rudd
Sir—May I suggest that the Government's economic strategy is working within the constraints imposed by central government, public utility and local authority budgeting methods. That these constraints were not explained at the recent Conservative Party conference is most surprising since they are quite easy to understand.

In most years the annual budget is set at March 31 for the following 12 months. The Conservative Party was elected to office on May 3, 1979, some two months after budgets, including manpower as well as expenditure levels, were fixed. The next opportunity for formal budget revision was at March 31 this year, at which time the new Government directives could be incorporated.

With a revised lower budget level from March 31, the effects became clear in mid-summer at which time inflation came under control and wage claims were running at 50 per cent of claims a year earlier, many of the latter now around 10 per cent.

At the conference Sir Geoffrey Howe said: "The Government will stick to its policy; it would be very unwise to change the strategy now that it's working. It would be folly beyond belief to turn back now."

As you can see above the battle on the terms laid down takes 18 months to two years to win.

In an age of instant news, instant decisions and instant reactions it has become difficult for us to take a long term view and, if the hand that rocked the cradle does not entirely rule the world, it is making a gallant attempt to change our attitudes and to teach us to think, as we were taught when young, of the future and the rewards in coma.

If the Government does, not fail we shall all win through. Michael S. Rudd.
Hogfair House,
1, Green Lane, Burnham, Bucks.

Laying VAT to rest

From Mr. L. de Pinna
Sir—Justinian (Oct. 13) rightly asks: "Will value added tax be laid to a well-deserved eternal rest?" Alas the European Communities Act 1972 deprived the Queen in Parliament of this right.

The best hope now, as long as we're in the Common Market, is to use the EEC's tax harmonisation to replace V.A.T. and Europe's highly piggybacked taxes altogether by the well proven land value tax.

Louis de Pinna,
5 Homer Row, W1.

Controls on imports

From Mr. W. Godfrey
Sir—Mr. Brittan's statement (October 13) that import controls would "tax" exports by causing the exchange rate to appreciate further could only be correct if import controls were used to improve the balance of payments compared with what it otherwise would be.

The case for protection, laboriously explained by me and others of us at Cambridge for many years, depends on import controls not being used to reduce imports or payments at current balance of payments at all. The proper use of import

UK textile industry

From the President, Knitting Industries Federation
Sir—I write in protest about your leading article (October 9) "How to help the South." We are now seeing the Financial Times declare itself red in tooth and claw as an out and out free trader—as long as it has no vested interest in the industry concerned. After your spirited defence of Bowater—which I supported and in which I asked you for more consistency—we now have this ill conceived editorial.

All through my presidency I have been consistent, showing, I believe, humanity to both our employees and the South, of course we must be the undeveloped countries, but not at the expense only of our own country. Anything less than 70 per cent of the UK market would be looked upon as a disaster by our industry.

My industry has already done more than its share to assist these countries and if a more stringent multi-fibre agreement is renegotiated together with an essential recession clause it will have the effect of causing these countries to enter other manufacturing industries. This would be fair and equitable as if these countries are to be helped further it should be spread over a broader base.

As for your argument on the relatively small difference it would make to the employment figures if an increased proportion of the industry went to the wall—with rising unemployment in virtually all industries, there would be no chance of these people obtaining jobs. It is now reported that it adds £4,000 per year per person to the public sector borrowing requirement. As you apparently support a reduction in Government spending how do we equate these two facts? Are we not entitled therefore to ask if the Financial Times, really understands what it is about?

The knitting industry has just approximately 10 per cent of its employees this year solely through lack of orders and closures and not due to productivity increases. There is as yet nothing even on the horizon for automating the making up of knitted or stretch fabrics, which will remain labour intensive.

Perhaps you should address your remarks to the U.S. which while maintaining it is in favour of free trade shuts the door immediately to imports, approach 10 per cent of its market, as 10 per cent negotiated agreed when it overnight with three Far East countries, some 18 months ago. And let us not forget that the U.S. already has tariffs on textiles way above anything in the EEC.

After Bowater and now this fiasco on the South, with your double standards all the Financial Times has achieved is to

Milk on the doorstep

From the President, Dairy Trade Federation
Sir—I feel I must reply to Marion Cooper's letter (Oct. 9) from the Consumers' Association.

The facts about milk prices are — the difference between pasteurised UK milk with its high butterfat content, and standardised milk elsewhere in the EEC is worth at least 1p per pint and the level of subsidy in some other countries has a major effect on relative prices. In Sweden the Government subsidy is 8p per pint, in Denmark 2p, and in Ireland 1p.

If the above factors are taken into account, the price of milk delivered daily to the doorstep in the UK falls into the middle and not the top of the recent "Which?" report price range despite the strength of sterling.

Were it not for the liquid milk premium of 2p per pint which the Dairy Trade Federation has consistently sought to reduce, UK milk would be cheaper than almost all others.

As to shop prices and the fact that they are not significantly cheaper than the doorstep price, it should be understood that a milk bottle costs 5p and makes 25 trips on average, while a shop carton costs 1p and is not recycled again. This alone adds 1p to the price of a pint. Other factors which affect the shop price are retailer margins, credit, and special arrangements such as refrigeration.

I believe that this demonstrates that our doorstep delivery price is highly competitive.

Nicholas Horsley,
Dairy Trade Federation,
19, Cornwall Terrace, NW1.

Ownership of resources

From Mr. W. L. Somers-Turner
Sir—One hears a great deal about denationalising our oil resources by part or total sale of the British National Oil Corporation.

By the same token, what about giving back the mineral rights to the owners of land? Accepting that some premium would have to be paid, at least the owner could be given the right of purchase at a special price, just as council tenants have been given the right to purchase the house they occupy.

W. L. Somers-Turner,
8th Floor,
110-112 Fenchurch Street, EC3.

Marginal land for leisure

From Mr. S. Ashmore
Sir—John Cherrington's all-too-brief article (October 10) about the pros and cons of dealing with overproduction within the EEC agricultural policy must surely rank at the top of thought-provocation on a line-for-line of print basis.

Inequity in the rates system

From the Chairman, London Region, Association of Independent Businesses

Sir—The letters from John Willman and Councillor Shepherd (October 13) reveal the confusion that exists over the appropriate basis for local taxation and therefore the legitimacy of local government. The view from the Inland Revenue Staff Federation put forward by Mr. Willman is an extremely narrow one and ignores the major concern of most critics of the system—that of representation and local accountability, the central issue for the Layfield Committee.

Thus, car tax and VAT receipts are not allocated to specific items of expenditure but local rates are. Rates can scarcely be a tax on the consumption of housing if their payment is as easily evaded as Mr. Willman suggests. The real sources of inequity are not confined to the need for regular revaluation but relate to the 19,000 electors in Tunbridge Wells (for example) who do not pay local taxes but are entitled to determine both the pattern of local expenditure and the level of taxation. The impact of this feature of the domestic rates system has been severe on the non-domestic sector whose share of local rates had risen to 60 per cent. Thus local electors can vote for increased expenditure without footing much (and in some cases any) of the bill, while many small businesses are forced to contract, relocate or close in the face of current rate demands.

It may be that there is a good case for a property tax but this is not made by Mr. Willman and certainly should not be limited to the narrow perception of taxation revealed in his letter. I hope that any debate on local taxes will include the adverse economic effects of the present system on industry and commerce and not simply tamper with a thoroughly bad tax.

E. Napkin,
Europe House,
World Trade Centre, E1

Caring for K-9

From Mr. A. Fazakerley
Sir—My attention has been drawn to your note of October 8 that K-9 is to be put down in the TV series next year.

In Carlisle, Northumberland, there exists a veterinary practice perfectly capable of curing all canine problems.

At the Royal Grammar School there are proven computer technology skills—vide Young Scientists of the Year 1979—which can resolve any K-9 problems.

Would you please refer the director general of the BBC to Eskdale Terrace, Newcastle-upon-Tyne, for further assistance.

GENERAL

UK: Mrs. Margaret Thatcher opens the Motor Show to the public. National Exhibition Centre, Birmingham (until October 26).

BL management and unions meet to discuss a 1 per cent pay offer. Haseley Manor, Warwickshire.

Mr. Michael Heseltine, Environment Secretary, addresses West Yorkshire Metropolitan Council dinner, Leeds.

Mr. David Howell, Energy Secretary, speaks at Leicester Businessmen's Luncheon Club.

Mr. Norman Fowler, Trans-

Today's Events

port Minister, speaks at Nottingham. National Exhibition Centre, Birmingham (until October 26).

Alfred Herbert extraordinary general meeting to appoint liquidators, Coventry.

Mr. Anthony Wedgwood Benn addresses post-conference anti-Tory rally, Bristol.

Miss Joan Maynard speaks at Labour Party meeting, Darlington.

Mr. Frank Allam speaks on can we avoid an East-West war? Bradford.

Institute of Export annual prize-giving, Mansion House.

The worst bank hold-ups aren't caused by the people that walk into banks, they're caused by the banks they walk into.



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£8.5m setback but M & S sees improvement

TAXABLE profits of Marks and Spencer, general stores group, fell to £68.92m in the half year to September 27, 1980 compared with £77.38m, on sales up at £845.49m against £766.8m.

In the current circumstances sales are encouraging, say the directors, particularly as there has been an improvement in August and September. If the present trend continues they expect the full year's profits to be satisfactory. The surplus for the past full year was up from £161.55m to £173.85m.

Tax takes £33.61m (£36.19m) and there are minorities' profits of £390,000 (£615,000). First-half earnings per 25p share are shown as 2.74p against 3.21p but the interim dividend is held at 1.5p—last year's total was 3.4p.

The recent improvement is largely due to better values in clothing and foodstuffs where, as a result of co-operation with suppliers, it has been possible to reduce substantially the price of a number of items, say the directors. Clothing

prices are now only 2 per cent and food prices 8 per cent higher than a year ago, while standards of quality have been maintained.

By working closely with a number of major suppliers, who have invested substantially in the most modern equipment, the group has been able in nearly all cases successfully to meet the challenge of imported clothing, they add.

The pre-tax surplus includes lower profits of £89.5m against £78.15m from UK stores and a sharp fall from £712,000 to £338,000 in Europe, where the directors say the group faces similar economic problems in the UK. A substantial proportion of the merchandise sold is manufactured in the UK and margins have suffered from the strength of sterling.

The Canadian operation is making progress, however, and contributed reduced losses this time of £223,000 against £1.48m.

At the trading level, group profits were down at £75.56m (£82.98m). Interest charges rose to £7.96m (£6.64m) and depreciation to £9.5m (£7.54m). The pre-tax surplus also included interest receivable of £8.78m (£8.15m) and profits on the sale of fixed assets of £1.13m (£526,000).

Sales from clothing and other merchandise, and from foods amounted to £502.33m (£472.6m) and £285.82m (£240.91m) respectively in UK stores; £11.06m (£11.25m) and £2.67m (£1.57m) in European stores; and £28.3m (£25.83m) and £19.3m (£2.11m) in Canada. Direct exports fell to £10.89m (£12.54m).

Costs in the first six months include an additional quarter's salary increase amounting to some £3.75m resulting from the award of staff pay rises on April 1—three months earlier than last year. This completes the groups rephasing of salary reviews, which will take place at the beginning of April in future.

Lex, Back Page



Lord Sieff, chairman of Marks and Spencer—sales are encouraging

Debenhams cut to £1.3m midway

FOR THE 28 weeks to August 16, 1980, pre-tax profits of Debenhams, the department store and supermarket group,



Mr. Robert Thornton, chairman of Debenhams

slumped from £1.73m to £1.29m. Sales amounted to £298.47m against £230.22m less VAT of £23.78m (£16.34m).

The Board does not believe

that these results reflect profitability for the year as a whole since the group normally earns a large proportion of its annual profit over the Christmas trading period.

The interim dividend is maintained at 2.04117p net—last year's total was 6.3856p. Stated earnings per share are nil against 2.8p and 0.8p (3.5p) on a nil distribution basis.

	28 weeks	1980	1979
Sales	298,470	230,220	230,220
Less VAT	23,778	16,340	16,340
Leaving	274,692	213,880	213,880
Contributing businesses:			
Trading profit	3,820	7,710	7,710
Cost of finance	2,313	713	713
Discont. & restruct. businesses:			
Trading profit	3,263	5,571	5,571
Cost of finance	1,180	4,898	4,898
Other items	110	42	42
Profit before tax	1,290	4,731	4,731
Tax	1,215	926	926
Net profit	75	3,805	3,805
Profit dividends	42	43	43
Attrib. ordinary	32	3,762	3,762

On a CCA basis, the group incurred a loss of £2.63m against profits of £837,000, after charging adjustments for depreciation and cost of sales amounting to £2.49m and £3.66m respectively and crediting a monetary working capital adjustment of £1.99m.

The directors say that although the group has benefited from the disposal or closure of

HIGHLIGHTS

Two big retailers shows a decline in interim profits. Lex looks at Marks and Spencer's 11 per cent pre-tax fall and concludes that this shortfall may well be recovered by the end of the year. Sales volume in August and September is said to have picked up sharply. Debenhams profits have dropped to just £1.3m despite considerable recent loss elimination and the past two months of the year will be critical to the group's recovery hopes. Lex examines the money supply figures to mid-September and, while sterling M3 growth of 0.6 per cent fits neatly into Bank projections, the rate of Domestic Credit Expansion is, as ever, substantially higher than the growth of M3 money stock. Finally, the column looks at Wall Street's recent strength.

a number of loss making activities by the end of the financial year, the impact of present trading conditions has had a material adverse effect on the results.

The benefits of the restructuring of the group are most apparent in the charge for cost of finance, which reduced from £6.28m in the comparable half year to £2.49m in the current period. The trading profit after cost of finance of the continuing businesses, which includes a contribution from Welbeck Finance, amounted to £1.5m compared with £8.99m in 1979.

The comparative figures in respect of sales and VAT have been amended to exclude those relating to discontinued and restructured businesses. The loss on discontinued and restructured businesses for the period of £327,000 represents the interest cost of discontinued businesses until receipt of the proceeds of sale.

The comparative figures consist of: restructured businesses (Debenhams Finance) trading profit £3.93m less cost of finance £1.6m; discontinued businesses trading loss £562,000 plus cost of finance £1.41m.

Lex, Back Page

UEI tops £1.5m halfway

On turnover up from £6.4m to £10.08m, profits before tax of United Engineering Industries improved to £1.55m in the six months ended July 31, 1970 compared with £1.5m in the same period last year.

The interim dividend is lifted from 1.35p to 1.55p—the total last year was 3.65p when pre-tax profits were a record £2.31m.

comment

UEI's interim pre-tax earnings are ahead by 50 per cent, apparently continuing the explosive growth trend of the last three years. Much of the growth must have come, however, from the five month contribution of the Cosworth Group. Cosworth, which makes racing car engines, is said to have performed at least as well as its guarantee to earn £1.5m before tax in the year of purchase. This would suggest earnings of £570,000 for the current period, before interest charges of, say, £200,000, relating to the acquisition. That does not seem to leave a lot of room for growth in the company's existing businesses. All of these are nevertheless said to have performed very well—given the present circumstances—and all have good order books. Management is concentrating on raising the sophistication of its equipment and is still marginally recruiting skilled labour—a "defensive posture" from which to advance when conditions improve. It also intends to make further, selective, acquisitions. At an unchanged price of 170p, the shares are on a prospective fully taxed p/e of 19.4, and a yield of 3.6 per cent which lies UEI firmly into the highly rated specialist electronics sector.

Steel Bros. loses ground

REFLECTING higher interest rates and the adverse effect of conversion of overseas profits into sterling, the first-half 1980 taxable surplus of Steel Brothers Holdings, construction, foodstuffs and manufacturing group, declined to £2.8m, compared with £2.95m for the corresponding period.

These two factors, coupled with a general uncertainty in some areas of trade, mean it is unlikely that the 1979 pre-tax profit of £5.81m will be matched in the current year, say the directors. They warn that it may be necessary to make a provision additional to that of last year in respect of price interests, which have been experiencing extremely difficult conditions.

The directors regret that they

have been unable to propose an increase in the interim dividend, which is held at 3.15p net. Last year's final was 4.85p.

Earnings per 25p share are marginally ahead at 12.62p (12.47p). There was a tax charge of £1.06m (£1.44m) and an extraordinary credit last time of £229,000. Minorities take £103,000 (£113,000) leaving an attributable surplus of £1.4m (£1.81m), of which the interim dividend absorbs £348,938.

First-half turnover improved to £47.81m (£45.51m).

comment

Steel Brothers' rice trading and milling business, which had severe management problems last year, is now suffering from weak market conditions, expect-

ally in the U.S. due to the loss of the Iranian and Soviet markets. The Spinnery supermarkets and cold storage facilities in the Middle East have performed adequately in difficult conditions and the Canadian lime and concrete operations are likely to increase their share of group profits from last year's 44 per cent in spite of a more than 10 per cent rise in the value of sterling against the Canadian dollar since June, 1979. The company does not expect to equal last year's profits but should come close, especially if the exchange rate of sterling eases. The shares fell 3p yesterday to 142p where the prospective fully taxed p/e, if the group paid out £5.5m profit, would be 7.3 and the prospective yield on an unchanged dividend 8.2 per cent.

Wm. Dawson expects UK loss

William Dawson (Holdings), the magazine subscription and rare book company, is paying no interim dividend and reports that its UK operation is likely to show a sizeable loss.

Dawson, based in Kent, said in August that it had suffered losses of some £25,000 with a further £200,000 of transactions probably having to be withdrawn from earlier accounts as a result of book sales below cost and rare books and cash not accounted for at its antiquarian bookshop in London's Pall Mall.

Overall group results of Dawson for the financial year just ended on September 30 will remain in the black as a result of higher profits at Dawson France and Surridge Dawson, the 50 per cent-owned newsgroup company.

A the after-tax level, however, the result for 1979-80 was more uncertain. The company, whose shares are not quoted, said it was too early to make any commitments on future dividend policy. In 1978-79, it earned £1.1m before tax.

Dawson said the police were

still investigating the circumstances of the Pall Mall losses. The former manager of the branch, Mr. Andrew Macdonald-Bell, has been charged with theft and false accounting with his secretary, Miss Susan Galloway, on a charge of falsifying accounts.

"We are fighting everything hook, line and sinker," said Mr. Macdonald-Bell yesterday. He and Miss Galloway will appear at Bow Street Magistrates Court on October 31.

Photax first half standstill

Taxable profits of Photax (London), manufacturer and importer of photographic equipment, were virtually unchanged at £248,000 for the first half of 1980, against £245,000, on turnover of £2.97m compared with £2.65m.

And the interim dividend is the same at 1.5p net per 25p share—last year's final payment was 2p paid from a pre-tax surplus of £462,000.

An additional range of products, including slide and cine projectors, and Mitakon automatic lenses were introduced during the period, and are being sold by a completely new sales force, the directors state.

This step, they say, will be a positive factor in the company's continuing efforts to obtain an increasing share of the competitive photographic equipment market.

C. H. Pearce up £1m—pays 11p

INCREASED activity has helped C. H. Pearce and Sons, builder and contractor, lift its pre-tax profits from £1.1m to £2.05m in the year to May 31, 1980 and the directors say they will be disappointed if the surplus for the current 12-month period is less.

The dividend is lifted from

7.895p to 11p net with a final of 8.5p.

The directors say the improvement is partly accounted for by increased turnover—up from £14.75m to £22.41m—and partly by substantially increased activity in commercial and industrial and residential development.

Activity and profitability in the past four months have been satisfactory, they add.

There is a tax charge of £59,000 against a credit last year of £598,000, and earnings per 25p share are shown as 11.7p compared with 13.7p, which included 47.25p deferred tax release.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corr. Total div.	Total last year
Debenhams	2.04	Dec. 5	2.04	6.37
Domination & Gen. Int.	3	Dec. 5	3	10.4
E. Elliott	Nil	—	2.5	3.5
Guildhall Prop.	3.9	Dec. 10	3.44	4.65
Hunting Gibson	2	Nov. 28	1.5	4.5
Indl. & Gen. Trd. Int.	1.1	Dec. 3	0.9	2.75
London & Montrose	6.3	Nov. 24	5.15	9.4
London Shop	2.15	Dec. 11	2.15	3.1
Marks & Spencer	1.5	Jan. 16	1.5	3.4
New Thorncroft Int.	1	Jan. 15	0.8	1.8
C. H. Pearce	8.5	Jan. 14	6.25	11
Photax	1.5	Nov. 28	1.5	3.5
Prestwich Parker	Nil	—	Nil	0.5
Scottish Heritable	1	Dec. 12	1	2.5
Scottish Mortgage	2.5	Dec. 1	1.8	5.2
Sheffield Brick	0.75	Nov. 7	0.75	1.75
Steel Bros.	3.15	Dec. 17	3.15	8
R. W. Thorpe	1.45	—	1.5	2.45
Throg. Sec. Growth	1.95	Nov. 27	1.64	2.58
Utd. Engineering	1.55	Dec. 5	1.35	3.65
Wombwell Foundry	Nil	—	1.13	0.37
Machine 44	7	—	7	15

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Increased to reduce disparity. § Including special dividend of 0.6p.

MICHELIN



The unaudited Trading Results of the Company, not adjusted for inflation, for the first half of the financial year ending 31st December, 1980 are announced as follows:

	Six Months to 30.6.80	Six Months to 30.6.79	Year 31.12.79
GROUP SALES	247,329	207,709	424,681
GROUP PROFIT BEFORE CHARGING	21,257	21,240	44,614
Depreciation	10,732	7,383	14,789
Obsolescence and Loan Interest	2,107	1,375	2,828
GROUP PROFIT AFTER TAXATION	8,418	12,482	26,987
Share of Profit of Associated Company	406	—	1,034
GROUP PROFIT AFTER TAXATION	8,824	12,482	28,021
Less Minority Interest	1,366	2,723	7,639
GROUP PROFIT ATTRIBUTABLE TO PARENT COMPANY	7,458	9,759	20,382
Extraordinary Items	118	557	950
GROUP PROFIT ATTRIBUTABLE TO PARENT COMPANY	7,340	9,202	18,783

During the period under review the general situation of the tyre industry has worsened as a result of lower UK vehicle production and the continuing world recession. Total group turnover shows a substantial increase compared with the same period last year, attributable largely to export growth. Despite this there has been a decline in profits. At a time when the UK market has contracted, the increase in export sales, achieved despite strong competition, has enabled our factories to maintain full production.

The current situation remains very difficult because of the depressed level of the home market, fierce international competition, high interest rates and the lower profitability of exports due to the strengthening of the pound sterling. As a consequence it is anticipated that the results for the last six months of 1980 will be substantially lower than those of the first six months.

MICHELIN TYRE COMPANY LIMITED

Stoke-on-Trent ST4 4EY

THE NEW THROGMORTON TRUST LIMITED

INTERIM REVENUE STATEMENT (UNAUDITED)

	Six months to 30.9.80	Six months to 30.9.79	Year ended 31.8.80
Gross Revenue	700,042	651,967	1,332,109
Less: Administration and interest charges	114,770	98,365	212,210
Less: Taxation	585,272	552,613	1,219,599
Earnings for the period	186,045	171,947	391,789
Earnings per share	1.046p	0.973p	2.116p
Dividends:			
Interim 1.0 pence (1980-0.9 pence)	391,348	352,213	352,213
Final (1980-0.9 pence)	—	—	352,213
Cost of Dividends	391,348	352,213	704,426
Undistributed revenue of the period	7,697	28,459	123,684
Brought Forward	145	186,461	186,461
Less: Transfer to reserve against preliminary expenses	—	—	(310,000)
Unappropriated revenue carried forward	7,842	214,920	186,461

The Board of Directors are pleased to declare an interim dividend of 1.0 pence per share (1980-0.9 pence) payable 15th January 1981 to income shareholders on the register at the close of business on 12th December 1980. Net Asset Value applicable to each unit of Capital Loan Stock at 30th September 1980 was 237.54p (30th September 1979—223.76p and 31st March 1980—178.40p) calculated on Formula 2.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80	Company	Price	Change	Gross	Yield	P/E
High						
Low						
50	42 Alrogroup	42.20	—	8.7	15.9	2.5
51	21 Armistage and Rhodes	23	—	1.4	6.1	3.8
173	224 Barden Hill	172	—	9.7	5.5	6.6
100	74 County Cars	107.75	—	15.3	20.7	—
101	63 Daborsch Ord.	94	—	7.8	8.8	4.7
126	88 Frank Hermal	119	—	8.0	8.0	2.7
129	85 Frederick Parker	80	—	11.0	16.9	3.0
156	50 George Blair	85	—	3.1	3.9	—
84	45 Jackson Group	84	—	8.0	7.1	2.2
153	103 James Burroughs	122	—	7.9	10.5	10.0
310	242 Robert Jenkins	310	—	31.3	10.1	—
232	176 Torrey	217	—	15.1	7.0	3.7
34	10 Twinklark Ord.	111	—	15.0	18	—
58	23 Twinklark 15% ULS	82	—	3.0	7.0	8.8
101	42 Walter Alexander	43	—	5.7	5.0	8.8
248	138 W. S. Yeates	240	—	12.1	5.0	8.8

† Accounts not prepared under provisions of SSAP 15.

Guinness Mahon
Corporate Finance & Investment
142, 144, 146, 148, 150, 152, 154, 156, 158, 160, 162, 164, 166, 168, 170, 172, 174, 176, 178, 180, 182, 184, 186, 188, 190, 192, 194, 196, 198, 200, 202, 204, 206, 208, 210, 212, 214, 216, 218, 220, 222, 224, 226, 228, 230, 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256, 258, 260, 262, 264, 266, 268, 270, 272, 274, 276, 278, 280, 282, 284, 286, 288, 290, 292, 294, 296, 298, 300, 302, 304, 306, 308, 310, 312, 314, 316, 318, 320, 322, 324, 326, 328, 330, 332, 334, 336, 338, 340, 342, 344, 346, 348, 350, 352, 354, 356, 358, 360, 362, 364, 366, 368, 370, 372, 374, 376, 378, 380, 382, 384, 386, 388, 390, 392, 394, 396, 398, 400, 402, 404, 406, 408, 410, 412, 414, 416, 418, 420, 422, 424, 426, 428, 430, 432, 434, 436, 438, 440, 442, 444, 446, 448, 450, 452, 454, 456, 458, 460, 462, 464, 466, 468, 470, 472, 474, 476, 478, 480, 482, 484, 486, 488, 490, 492, 494, 496, 498, 500, 502, 504, 506, 508, 510, 512, 514, 516, 518, 520, 522, 524, 526, 528, 530, 532, 534, 536, 538, 540, 542, 544, 546, 548, 550, 552, 554, 556, 558, 560, 562, 564, 566, 568, 570, 572, 574, 576, 578, 580, 582, 584, 586, 588, 590, 592, 594, 596, 598, 600, 602, 604, 606, 608, 610, 612, 614, 616, 618, 620, 622, 6

From the address by the Chairman, Mr. S. J. L. Roberts, at the Annual General Meeting of the Milk Marketing Board, 16th October 1980.

The Challenge

The past three years have seen the most dramatic and concentrated changes in the history of the dairy industry since the formation of the MMB in 1933. Over the past year or so in particular these changes have taken place against the background of record interest rates, high inflation and a major national and international recession.

Following entry into the EEC the guaranteed price for milk disappeared and producers are now totally dependent on returns from the market. The negotiation of fair and reasonable prices with our buyers and the most determined and efficient marketing of the best product we can manufacture are therefore now more than ever crucial to the fortunes of the 43,000 dairy farmers who together make up our agricultural co-operative, the MMB. But, however well we negotiate, our milk will only sell for what the market will bear and last year the average wholesale producer price was 11.636 pence per litre—a rise of just under 1 penny over the previous year or about 9 per cent. This has to be viewed against estimated production cost increases of 16 per cent over the same period.

During the year I believe we and our customers achieved a better appreciation of each other's problems. A measure of the realism shown was the unprecedented request from Board, Dairy Trade and NFU for 1½p per pint increase in the retail price at the beginning of August. All sides knew this would not of itself be sufficient either for producers or distributors but recognised that, at something under 10 per cent, it could reasonably have been considered fair to the industry and consumer in the current economic climate. It was said that Government, who still fix the maximum retail and wholesale price of milk, should have been unable to meet this modest but united approach.

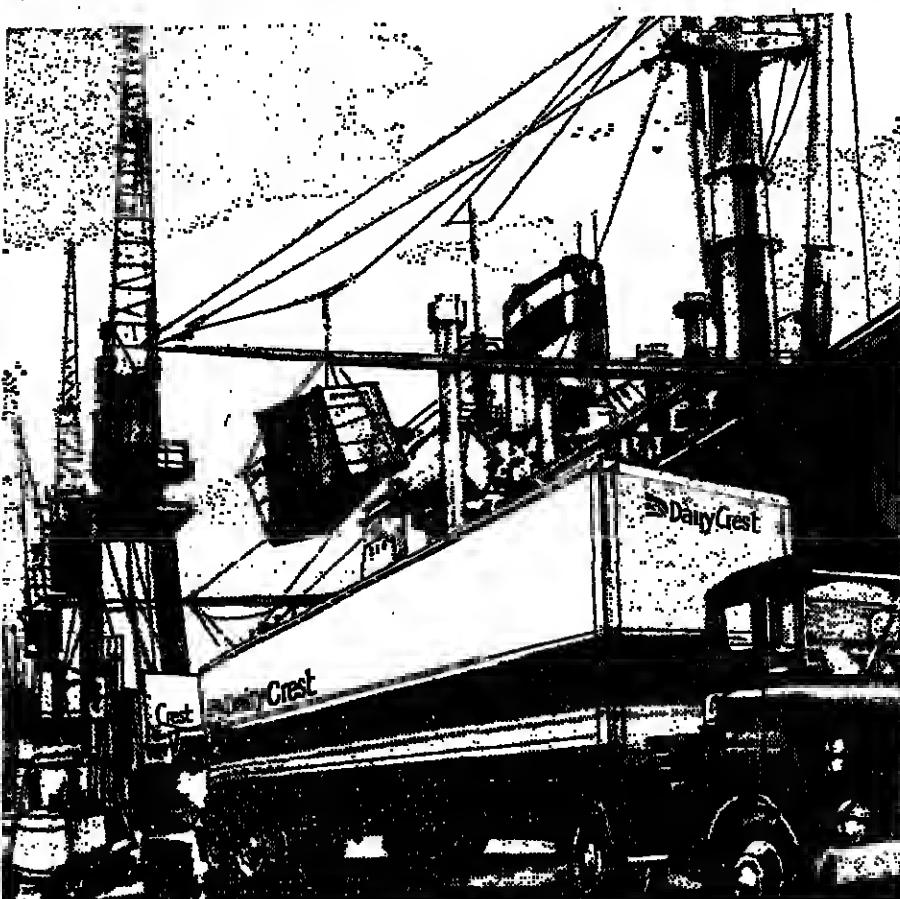
Through no fault of their own therefore producers find themselves at a grave disadvantage. On one side their prices are held down against the inflationary squeeze and, on the other, interest rates make capital investment to improve productivity still further extraordinarily difficult.

In this speech last year I described the Board's purchase of 16 factories from Unigate, together with the transport operations based at those factories, as the most important commercial act the Board has ever made. I and my Board still feel the same today and are confirmed in our view that, as the "buyers of last resort", it is critical to our marketing role that we should have a major share in the home manufacturing capacity of the basic dairy products, butter, hard-pressed cheese and powder. With the cost of one large new factory today at £20 million or more, the cost of our purchase, even allowing for a necessary programme of gradual updating, still looks reasonable.

We always recognised that there could be no short-term financial advantage to our commercial profits from this purchase bearing in mind that the funds had to be borrowed and paid for out of profits. But the massive increase in interest rates which followed the signing of the contract clearly had and will continue to have a serious adverse effect on the short-term profitability of this enterprising purchase. The cost in particular of financing the additional stocks of butter, cheese and powder is very serious, as indeed it is for all UK dairy product manufacturers.

Thinking then of our problems over pricing and over the cost of financing our creamery operations, it would be easy to talk of gloom and doom. That is not our way. We don't like difficulties that are imposed upon us from outside but as farmers we have had to face them before and we shall get over them again.

Before going further I must reiterate the crucial importance to the whole dairy industry of a major drop in inflation and a major reduction in interest rates as quickly as possible. If this interest rate reduction does not come within weeks, large areas of our industry will be irretrievably damaged to the inevitable long-term detriment of the country as a whole. Agriculture is no lame duck but one of UK Limited's success stories, built on the drive and enterprise of the people who work in it. Not only that but it is absolutely basic to the safety and well-being of our country. No Government can afford to allow it to run down.



Last year MMB export sales totalled some £70 million and this year the figure should be close to £100 million.

Effects of Squeeze

We are very worried about the effects of the financial squeeze on dairy farmers and their reaction to it. The decline in numbers in the last year (from 47,000 to 43,360) has not only been serious because of the sharp increase in rate, but also because many of those leaving are amongst the larger and more efficient herd size groups. The national dairy herd is in decline and total milk supplies are only being maintained at approximately last year's levels by the continuing phenomenon of rising yields.

The attractiveness of the premia payable under the EEC Non-Marketing Scheme obviously becomes greater when the industry is under severe economic strain. The prospects of alternative farm enterprises, however, may be no better than those of milk as both beef and cereals are suffering as much as milk production. In the current year we have seen substantial quantities of UK cereals going into intervention; beef returns have generally been weak and have not kept pace adequately with higher overhead costs and interest charges. Too often



The Challenge for Milk

Just as the Board "buy British" vehicles, we must all redouble our efforts to persuade the British housewife to "buy British" milk and dairy products. I greatly welcome the recent efforts by the Minister and a number of our leading supermarket chains to support this campaign. Our promotion must be for 12 months of every year and, as an industry, we must make sure our farms and factories provide the quality that the housewife demands.

Selling our Products

It is disappointing that our 1979/80 trading profits in this sector are so close to those of the previous year, when we increased our turnover so much from August 1979 onwards by the acquisition of the Unigate factories. But this is a result affected by the very high interest rates, not to mention inflation of wage, fuel and other costs which affect processing margins of dairy products, just as they do rounds' distributive costs. When those of our foreign competitors in the market place tend to rise less than ours and rates of exchange are so unfavourable, there is the greatest difficulty in obtaining recompense from the market. Our profits in this respect are suffering like the rest of British industry and I cannot at this stage lead you to expect any improvement in the current year, unless there is a sudden and sharp fall in interest rates and inflation.

We have made a good start on the integration of the Unigate factories into our Creameries Division. This work is bound to take a considerable time and the full fruits of it will take longer to be felt by producers. However, on the back of our new strength in basic product manufacture, we are looking for every opportunity to add value, to raise the return for producers' milk and to increase the total milk market.

Following the Unigate acquisition we created a powerful Product Marketing Directorate firmly committed to selling the products of our own dairies and factories to the very best advantage. Within this area we are building a strong export division, which has already started to show excellent results. Last year export sales amounted to some £70 million and this year the figure should be close to £100 million. We have also included in this area the Board's technical research and development operations with the express purpose of concentrating research minds on the market, to find new "Dairy Crest" products for it, and to improve returns from it by reducing costs on the manufacture of existing products. Our aim is to develop a selling operation thoroughly geared to market needs, efficient and cost-effective in matching the competition.

Staff

We have been delighted at the sensible and conscientious way in which the many problems arising from the Unigate purchase have been tackled by our staff both "old" and "new". The past year must have been one of the most difficult in our history but we have come through it with enthusiasm to take on the challenges of the future and to win them. This is the message from all our staff and my message to them on behalf of all the 43,000 dairy farmers in England and Wales for whom they work, is a most sincere "thank you" for a job well done. We have a good team of enthusiastic men and women who want to get on with the vital job of running commercially and successfully what is now one of the biggest agricultural co-operatives in Europe.

taking "the handshake" means not just going out of milk but ultimately out of farming altogether.

Our industry contains a strong nucleus of very efficient producers. More than one-third of them have herds of over 70 cows and some two-thirds of the national cow population are in these herds. Labour productivity is generally very high and the earnings of cowmen, where employed, are fully comparable with those in many other industries. The family farm with between 50 and 70 cows is still the backbone of the industry. Whilst therefore producers, like everyone in industry in the UK, will have their short-term problems, we can and will win through.

EEC Position

The Board have been much concerned with EEC problems in the past year including of course the surplus situation. In particular we have tried to hammer home that the size of the surplus in milk is a good deal less than the Commission and some others have suggested. We were opposed to the package of measures for the dairy sector which came out of this year's Price Review. We understand fully that Government's prime objective was to obtain a reasonable settlement of the budget issue for the UK. Nevertheless, the increase in institutional prices by 4 per cent, accompanied by a quadrupling of the co-responsibility levy from 1 per cent to 2 per cent, left our producers materially worse off.

I must record our extreme disappointment that, despite our repeated best endeavours, Government has still failed to carry into effect a satisfactory scheme for allowing local authorities to claim the benefit of co-responsibility funds for school milk. Quite apart from the health aspect this is a loss in payments from the Community to the UK as a whole, and more particularly, in income for our dairy farmers and distributors which they can ill afford. The scheme is there; our people evolved it; now we look to Government, the Commission and the local authorities for its very early implementation.

Our Markets

The Board's own marketing activity in the past year and currently has of course been made difficult by the general economic situation. In the liquid market, which has been so successfully built up and maintained by succeeding generations of the home industry, a squeeze on consumers' incomes and the very substantial drop in sales to schools have combined to create a reduction of about 2 per cent in sales. Declining real incomes of consumers have added to the problems of other dairy product markets.

Whilst the British butter market is currently burdened by a very high stock held by New Zealand, the most difficult problem of all is the decline of that market, which has been at an alarming rate in recent months. The attack is coming not just from the worsening butter: margarine price ratio, but also from very heavily advertised new brands and types of margarine and through the health issue, of which our competitors make misleading use. We are fighting back on this front through the Butter Information Council's very hard-hitting campaign.

For a copy of the Full Address and Annual Report complete this coupon and send it to:
Public Relations Division,
Milk Marketing Board,
Thames Ditton, Surrey KT7 0EL
Telephone: 01-886 4101

Name _____

Address _____

MMB

Companies
and Markets

UK COMPANY NEWS

Losses at
Wombwell:
final
omitted

DESPITE directors' hopes for a return to profit after a mid-year deficit Wombwell Foundry and Engineering Company played firmly in the red for the 12 months to end-July, 1980.

And the chairman, Mr. G. L. Bramah, warns that business prospects are dismal. The time and efforts of the management are being employed in the task of curtailing expenses, he adds.

On turnover maintained at £8.14m, compared with £8.17m, the company incurred a pre-tax loss for the year of £211,831 against a taxable surplus of £480,165 a year earlier.

At the interim stage, when announcing six months' losses of £187,780 (£256,233 profit), the directors said the company should recover the balance of the loss during the rest of the year and achieve a modest level of profitability.

The final dividend of this roller-maker, ironfounder and engineer, is being omitted (1.125p), leaving the total for the year at 0.374p net, compared with 1.5p.

The loss for the year was struck after finance charges of £266,232 (£72,314) but was before an extraordinary credit of £34,764 (£82,615).

There was a tax credit this time of £113,347 (£261,088 charge) leaving losses per 10p share of 3.36p (7.43p earnings).

After dividend payments amounting to £11,033 (£44,280) there was a loss transferred from reserves of £75,585, compared with a transfer to reserves of £237,845.

Christopher
Moran
circular

Mr. Raymond Hall, acting managing director of Christopher Moran Group, said yesterday that the Board believed that Mr. Christopher Moran was preparing a circular in an effort to prevent the Board unseating him from his directorships at an extraordinary general meeting on October 31.

Mr. Moran, who was suspended from all executive offices within the group when he was arrested on August 1, and charged with conspiracy to defraud members of Lloyd's syndicates 290 and 295, had not intended to make on whether he intended to issue his own circular to shareholders ahead of the meeting to persuade them to vote against the Board.

F. W. Thorpe

Pre-tax profits of F. W. Thorpe, lighting equipment group, slipped in the second half of the year from £413,433 to £383,995, leaving the outturn for the 12 months to end-June, 1980, marginally lower at £784,365, compared with £791,387.

At the interim stage the directors said that although the order book remained healthy, the uncertainty of steel supplies over the coming months made it difficult to forecast results for the rest of the year.

FLOYD OIL

Trading in the 7.5m ordinary shares of Floyd Oil Participations under Stock Exchange rule 163 (3) is expected to begin on November 10. The company, which was formed last year, has oil exploration and production interests in England, the U.S. and Canada. Shareholders' funds at June 30, 1980, were £1.7m following a pre-tax loss of £68,417 in the previous 12 months.

SPAIN		
Oct 16		
Banco Bilbao	248	—
Banco Central	276	—
Banco Exterior	217	—
Banco Hispania	237	+4
Banco Ind. Col.	124	—
Banco Madrid	141	—
Banco Santander	281	—
Banco Urquijo	132	—
Banco Vizcaya	257	—
Banco Zaragoza	249	—
Oradea	110	—
Espanola Zim	71	—
Fecsa	65.3	+1
Gal. Preciados	33	—
Hidrola	89	—
Iberdrola	65.5	—
Petrolisa	113	—
Petrolbar	88.5	—
Socafisa	102	—
Telefonica	63	—0.5
Union Electric	68.7	—

Hunting Gibson increases
profitability in first half

FOR THE first half of 1980, large stake in Hunting P.

Hunting Gibson, which has a large stake in Hunting Petroleum Services, reports pre-tax profits up from £1.05m to £1.52m. Turnover amounted to £5.01m against £5.83m.

Included in the profit are associates up from £354,000 to £612,000 and these together with the improved trading results and further savings in the shipping division, are responsible for the increased profitability, the directors say.

Although shipbroking and painting contracting divisions are meeting difficult trading conditions in their respective markets, trading results for the second half should be comparable with those for the first six months, the Board adds.

The interim dividend is being raised from 1.5p to 2p—last year's total was 4.5p from pre-tax profits of £2.9m.

Six months

Turnover 1980 1979
Profit 8,010 5,833
Associates 304 598
Profit before tax 812 354
Tax 1,518 1,052
Net profit 1,383 885
Minorities 44 31
Dividend 1,339 854
Prof. dividend 15 15
Atrn. ordinary 1,324 849
First-half tax charge is £133,000 (£157,000) giving earnings per 25p share of 16.1p compared with 12.2p.

The directors say that at the year-end, they will review the provision for £1.3m made in the 1979 accounts in respect of costs which might be incurred consequent on disposal of the m.v. Tyne Bridge.

As in the past, Hunting Gibson's performance has been boosted by a healthy increase from its 30 per cent subsidiary Hunting Petroleum. The overall 44 per cent pre-tax rise owes much to this associate as well as to an

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are in the form of cash or in the form of shares or as a combination of the two. Dates are listed in last year's timetable.

TODAY
Interests: Allstate, Lowland Investment, Albert Martin, Mctoy, Fimela, Courtney, Pope, Forward Technology, Lister, Stobart and Pitt.

FUTURE DATES
Interests: Barchard Construction Dec. 8
Bulmer and Lumb Nov. 19
Duport Oct. 22
Graig Shipping Nov. 3
Greenbank Industrial Oct. 22

Hay (Norman) Oct. 23
King and Sherson Nov. 10
London Brick Oct. 22
London Sumatra Plantations Nov. 3
Panto (P.) Nov. 18
Robertson Foods Nov. 4
Scotcor Oct. 16
Scottish Heritable Trust Oct. 16
Fimela
Brook Bond Uddig Oct. 21
Bryant Oct. 20
Gerson (M. J.) (Contractors) Oct. 21
McMinister Oct. 21
Newman-Tonks Oct. 21
Pascaly Property Oct. 24
Peters Stores Oct. 22
Preston Nov. 11
Saga Holidays Oct. 23
Smiths Industries Oct. 22
Tysack (W.) and Turner Oct. 22
United Real Property Trust Oct. 29

pared with 12.2p. The directors say that at the year-end, they will review the provision for £1.3m made in the 1979 accounts in respect of costs which might be incurred consequent on disposal of the m.v. Tyne Bridge.

As in the past, Hunting Gibson's performance has been boosted by a healthy increase from its 30 per cent subsidiary Hunting Petroleum. The overall 44 per cent pre-tax rise owes much to this associate as well as to an

additional £150,000 profit from the ship-owning side. This means that around a third of the pre-tax profits (excluding associates) came from the Thamesfield and two other ships. Shipbroking profits dropped about 10 per cent and painting was also dull in the first half. Signs are that the second half will be comparable or slightly better than the first, suggesting a full year pre-tax of around £3.2m. At 146p unchanged the shares would trade on a fully taxed multiple of 8. The yield would come to around 6 per cent on a one-third higher total net dividend.

Michelin sees year-end setback

Struck after depreciation up from £7.38m to £10.73m, taxable profits of Michelin Tyre Company were down to £8.52m for the first half of 1980, compared with £12.46m, and directors anticipate that results for the second half will be substantially lower than those of the first.

Profits for the whole of 1979 were a record £27.2m.

Six months turnover amounted to £247.9m against £207.6m and after tax of £1.7m (£2.72m) and minorities, the attributable balance was £7.34m (£9.2m).

The directors state that during the first half, the general situation of the tyre industry worsened as a result of lower UK vehicle production and the continuing world recession.

The current situation remains very difficult, they say, because of the depressed level of the home market, fierce international competition, high interest rates and the lower profitability of exports. Ultimate holding company is Compagnie Generale Des Etablissements Michelin, of France.



Sime Darby Berhad

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of Sime Darby Berhad will be held at the Regent Ballroom, The Regent of Kuala Lumpur Hotel, Jalan Imbi, Kuala Lumpur, Malaysia on Wednesday, 12th November 1980 at 11.30 a.m. for the following purposes:

To receive and adopt the Report of the Directors and the Accounts for the year ended 30th June 1980 and the Report of the Auditors thereon (Resolution 1)

To declare a final dividend for the year ended 30th June 1980 (Resolution 2)

To elect the following Directors: (Resolution 3)

Dr. Chan Chin Cheung J.M.N. (Resolution 3)

Sixto Kalaw Roxas (Resolution 4)

Yong Pung How (Resolution 5)

Junus Sudin (Resolution 6)

Tun Ismail bin Mohamed Ali S.S.M., P.N.B.S., S.P.M.S. (Resolution 7)

To fix the remuneration of the non-executive Directors (Resolution 8)

To re-appoint Price Waterhouse & Co. as auditors of the Company and to authorise the Directors to fix their remuneration (Resolution 9)

Kuala Lumpur
17th October 1980
By Order of the Board
F.C. Whiting
Secretary

Note: Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

27th October 1980

KITZ

KITAZAWA VALVE CO., LTD.

Issue of
3,000,000 Shares of Common Stock

(par value ¥50 per share)

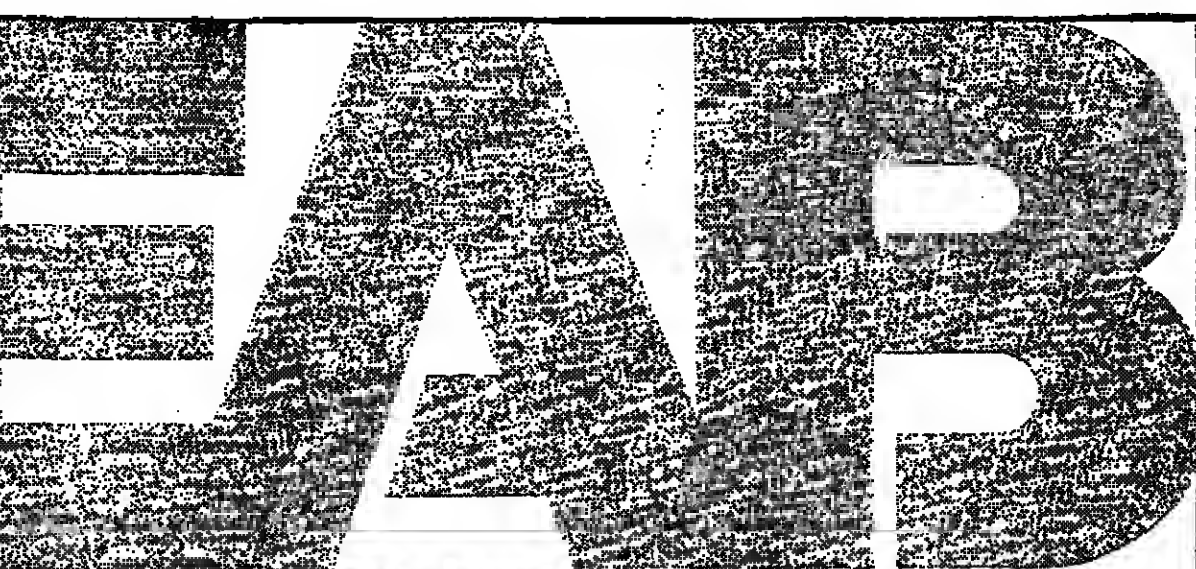
evidenced by European Depositary Receipts

ISSUE PRICE U.S.\$5.668 PER SHARE

(equivalent, at the rate of exchange adopted for the purpose, to ¥1,201 per share)

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If you would like more information, please contact Mr. Peter Butcher, Senior Vice President (212) 437-2333 or Mr. John Moore, Vice-President, at (212) 437-2355. Or write them at 10 Hanover Square, New York, N.Y. 10015.

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International Partners: Banco Hispano Americano, Cominterbank Credit Lyonnais.

'Johnnies' heading for another good year

BY KENNETH MARSTON, MINING EDITOR

THE ANNUAL report for the year to June 30 of Johannesburg Consolidated Investment looks back on a year in which net profits advanced 40.6 per cent to a record R78.2m (£43.4m), equal to earnings of 1.020 cents (567p) per share and it indicates that another good year is in store.

Just how much better the current year will be depends on many factors, but a glance at the major sources of investment income in 1979-80 is instructive. Diamonds provided 21.6 per cent

Gold exploration continues apace, notably in the area east of the Randfontein mine where further results are awaited before mine feasibility studies can begin.

While 'Johnnies' should earn more in the current year, the earnings increase cannot be expected to match that of 1978-80, but yielding over 7 per cent on a twice-covered dividend, the shares at £361 do not appear over-priced especially in the light of the asset backing which is equal to R155 (£86) per share.

the matte produced included 2,580 kgs of platinum (2,438 kgs in 1978-79) and 1,158 kgs of palladium (1,035 kgs). Working costs per tonne of ore milled amounted to R15.55 (£13.73), cost of recoverable metals in

CRA iron ore deal approved

THE Australian Government has approved proposals whereby Rio Tinto-Zinc's 61.1 per cent-owned CRA and America's Cliffs International will buy the Texasgulf interest in the big Robe River iron ore mining project in Western Australia.

Mr. John Howard, the Australian Treasurer, said in Canberra yesterday that the CRA proposal was part of the recently announced plan to acquire, subject to Government approval, all of Texasgulf's iron ore interests in Western Australia for some A\$90m (£38m).

Meanwhile, CRA's Hamersley Holdings reports that iron ore shipments from its Mount Tom Price, Paraburdoo and Dampier operations in third quarter 1980 were 8.98m net tonnes against 8.08m tonnes in the same period of last year.

Shipments of the Western Australian operation in the nine months to end-September totalled 30.86m tonnes against 21.06 tonnes in the first nine

Single day mine record at Palabora

A WORLD record for the amount of material mined in a single day has been achieved by the Rio Tinto-Zinc group's Palabora copper mine in South Africa. On August 8, more than 321,000 tonnes of ore and waste were loaded and hauled from the open-pit.

This was 27,000 tonnes more than the previous record held by Kennecott's Bingham Canyon mine near Salt Lake City in the U.S., the world's largest open-pit copper operation.

During the September quarter Palabora sold 28,585 tonnes of copper, making a total for the nine months to date of 87,875 tonnes against 85,066 tonnes in the same period of last year.

Of the by-products, sales of the precious metal content of anode slimes amounted to 68,601 oz in the quarter to make a nine-month total of 320,865 oz against 361,529 oz in the 1979 period. The shortfall in these sales has reflected shipping delays and it is hoped to be made up by the end of the year.

At the group's Bougainville copper-gold mine in Papua New Guinea the decline in ore grades continues but its effect on production last quarter was offset by increased ore milling.

The metal content of the concentrate produced was: copper 38,458 tonnes making 111,127 tonnes for the past nine months against 132,386 tonnes for the same period of last year; gold 3,627 kg making 10,946 kg against 15,586 kg; silver 8,990 kg making 27,900 kg against 35,174 kg.

In trading reminiscent of the days of the nickel boom of the late 1960s, shares of Greenbushes Tin and Vulfain Minerals soared on the Sydney and London stock exchanges yesterday on news of the farmer's big tantalite discovery, Greenbushes, more than trebled overnight in Australia, closed in London at 650p after touching 750p in hectic trading. A week ago they were changing hands at just 200p. Vulfain, which is reported to have a near-40 per cent stake in Greenbushes, touched 325p before closing at 275p, up 160p on the day.

close followed by gold at 21.6 per cent and platinum at 15.1 per cent.

Despite the turnaround in the diamond trade, holdings in De Beers should produce at least as much as last year and probably a little more. On present indications, the gold interests should do better again and while the outlook for platinum is hedged with uncertainties, Rustenburg Platinum is still doing well.

The important industrial interests should also do well in line with the buoyant South African economy, but the copper and antimony interests, which provided under 4 per cent of the past year's investment income, are facing a difficult year.

Finally, coal income should be at least maintained; prospects for an expansion in coal exports, however, are not encouraging for the near term because these depend on the granting of export quotas which, in turn, await an improvement in the existing rail and port capacity in South Africa.

Of new developments, 'Johnnies' is having discussions with Tsumeb on the possibility of the latter's smelter handling material from 'Johnnies' Otjikase copper mine in Namibia in the event of it being reopened.

ROUND-UP

The Malaysian Ayer Hitam Tin Dredging reports net profits for the year to June 30 of SM7.56m (£1.49m), equal to 124 cents (24p) per share, compared with SM10.7m in the previous year. The benefits of a higher tin price in the latest period were offset by reduced production. A final dividend of 115 cents less Malaysian tax at 40 per cent makes a total for the year of 205 cents less tax against 290 cents less tax for 1978-79.

The Lonrho group's Western Platinum reports a working profit for the year to September 30 of R32.3m (£17.9m) compared with R17.62m in 1978-79. Unlike the other western producers, the company sell its production on the basis of the high free market platinum prices. The estimated

OIL AND GAS NEWS

Dullingari No. 9 flows oil

BY GEORGE MILLING-STANLEY

AUSTRALIA'S Santos has reported a flow of 1,100 barrels per day from its Dullingari No. 9/DMS well, the fifth and final well designed to test the extent of the Murta reservoir in South Australia's Cooper Basin.

A drill stem test over the upper sand of the lower cretaceous/upper jurassic section flowed oil at 1,100 hpd through a 1-in choke at a surface pressure of 230 psi.

The well is 4km north-west of Dullingari No. 8/DMS, which flowed at a rate of 2,335 bpd with a surface pressure of 220 psi. The first well in the current series flowed at a rate of 750 hpd, with the second and third giving no show.

Santos has a 50 per cent interest in the drilling pro-

gramme, with Delhi Petroleum holding 30 per cent, Vamgas 10 per cent and South Australian Oil and Gas 10 per cent.

The original discovery of the Murta reservoir dates back to 1978, when Strzelecki No. 1 flowed oil at a rate of 2,400 bpd.

Santos also reported on progress at Beambush No. 1, an exploration well 63 miles north-east of the Moomba Gas plant in South Australia. The well is at a depth of 12,107 feet, and drilling is proceeding towards the planned total depth of 12,980 feet.

Santos has a 29.57 per cent interest in the well, with Western Mining holding 37.5 per cent, Delhi Petroleum 17.14 per cent, Vamgas 6.25 per cent and South Australian Oil and Gas 10.53 per cent.

In addition, Santos is involved in the Warana No. 1 exploration well in the northern Cooper Basin in Queensland. This well was spudded on October 12, and is currently drilling at a depth of 1,873 feet.

The principal targets are the basal jurassic and permian sandstones, and the planned total depth is 7,570 feet. The well is being funded as to 80 per cent by Western Mining, 10 per cent by Santos, 5 per cent by Australian Aquitaine Petroleum and 2 per cent by Cluff Oil (Australia).

On completion, Santos will have a 41.5 per cent interest, with Delhi Petroleum 32.4 per cent, Vamgas 8.1 per cent, Aquitaine 8 per cent, Cluff 2 per cent and Western Mining 8 per cent.

This advertisement complies with the requirements of the Council of The Stock Exchange.

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Particulars of the Debentures and the Issuer are available in the Extel Statistical Service and may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 30th October, 1980 from the brokers to the issue:

Cazenove & Co.,
12 Tokenhouse Yard,
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16th October, 1980

To the holders of:-

INDUSTRIAL AND MINING DEVELOPMENT BANK OF IRAN

Floating Rate Notes due 1984



In accordance with the provisions of the above notes Merrill Lynch International Bank Limited, as Fiscal Agent, has determined that, for coupon No. 8, the rate of interest for the next period, payable on the 21st April, 1981, has been fixed at 13 1/4 % per annum.

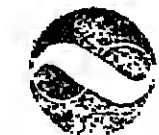
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U.S. \$15,000,000

Floating Rate U.S. Dollar Negotiable Certificates of Deposit Due 13th April, 1983

The Taiyo Kobe Bank, Ltd.

LONDON



In accordance with the provisions of the Certificates, notice is hereby given that for the six months interest period from 10th October, 1980, to 10th April, 1981, the Certificates will carry an interest rate of 13 1/4 % per annum. The relevant interest payment date will be 10th April, 1981.

Merrill Lynch International Bank Limited
Agent Bank

The Industriekreditbank Reports

Business Year 1979/80

Steady Growth

Total assets increased by 5.4% to DM 10.7 billion during the 1979/80 business year. Total credit volume increased by 7% to DM 8.7 billion. Of this, DM 7.8 billion were long term loans to business enterprise, the focus of our business activity.

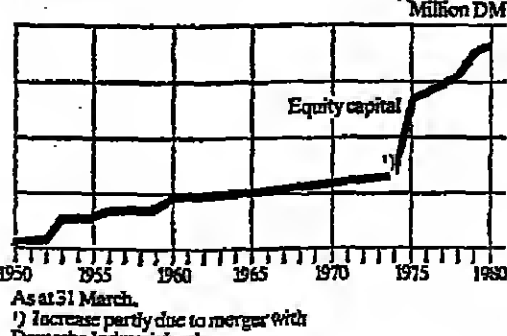
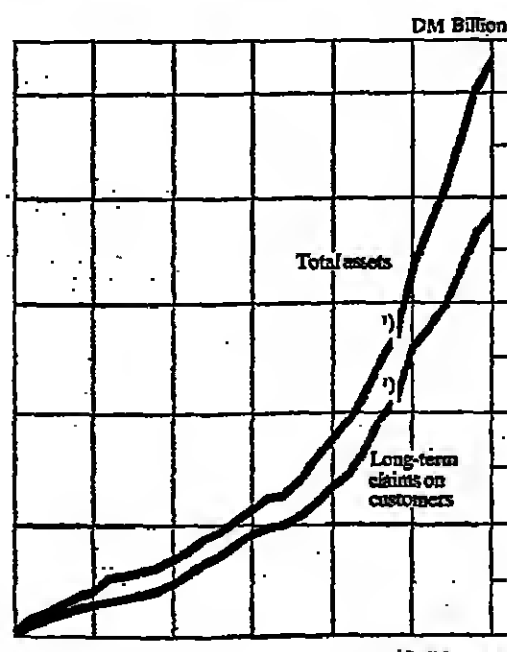
Net Income and Dividend Unchanged

Net income at DM 29.9 million reached the same level as in the previous period. A dividend of DM 7.- will again be paid for each DM 50.- share.

Expanded International Business

The Bank continued to intensify its international activities, emphasizing export finance. Business of our Luxembourg subsidiary, Industriebank International, established in November 1979, developed favorably.

Business Development 1949/50 to 1979/80



Composite Balance Sheet as of March 31, 1980*)

Assets	DM million	Liabilities	DM million
Cash items and checks	59.9	Liabilities to credit institutions	3,135.9
Claims on credit institutions	1,801.4	of which long term	2,392.6
of which long term	508.2	Liabilities to other creditors	1,363.7
Securities	320.6	of which long term	1,351.3
Claims on customers	8,094.3	Bonds	5,500.0
of which long term	7,808.4	Reserves	98.5
Investments	92.3	Share capital	126.0
Own bonds	156.9	Capital reserves	232.7
Other assets	124.7	+ Appropriation from period net income	12.3
Total assets	10,650.1	Undivided profits	17.6
Contingent liabilities from endorsements	225.4	Other liabilities	163.4
Contingent liabilities from guarantees	180.5	Total liabilities and shareholders' equity	10,650.1

Composite Income Statement for 1979/80*)

Expenses	DM million	Revenue	DM million
Interest and similar expense	622.8	Interest and similar revenue from lending and money market business	713.0
Depreciation and valuation adjustments to claims and securities	18.8	Period revenue from securities, debt register claims and investments	40.7
Personnel expenses	40.7	Other revenue	6.1
Other operating expenses	11.2		759.8
Taxes	31.0		
Other expenses	5.4		
Net income	29.9		
	759.8		

*) Our detailed Annual Report with complete financial statements is available on request (Postfach 1118, D-4000 Düsseldorf 1).

Industriekreditbank AG Deutsche Industriebank



Die Untermehmerbank

Düsseldorf Berlin Frankfurt Hamburg München Stuttgart

All companies mentioned are incorporated in the Republic of South Africa

Copies are available from: London Office, 30 Ely Place, London, EC1N 8UA

Debenhams Limited

Unaudited Results for the 28 weeks to 16th August 1980

	28 weeks to 16th August 1980	28 weeks to 11th August 1979	53 weeks to 2nd February 1980
	£'000	£'000	£'000
HISTORIC COST			
Sales	258,468	230,220	502,108
Less VAT	23,779	16,343	42,564
	<u>234,689</u>	<u>213,877</u>	<u>459,544</u>
Continuing businesses:			
Trading profit	3,820	7,710	21,113
Cost of finance	(2,313)	(713)	(1,869)
	<u>1,507</u>	<u>6,997</u>	<u>19,244</u>
Discontinued and restructured businesses:			
Trading profit	—	3,263	3,309
Cost of finance	(327)	(5,571)	(11,039)
	<u>(327)</u>	<u>(2,308)</u>	<u>(7,730)</u>
Trading profit after cost of finance	1,180	4,689	11,514
Other items	110	42	4,304
Profit before taxation	1,290	4,731	15,818
Taxation	(1,215)	(926)	(3,198)
Profit after taxation	75	3,805	12,620
Preference dividends	43	43	86
Profit attributable to ordinary shareholders	<u>32</u>	<u>3,762</u>	<u>12,534</u>
Earnings per share	—	2.8p	9.4p
Earnings per share on a nil distribution basis	0.8p	3.5p	12.1p
CURRENT COST			
Continuing businesses:			
Operating (loss)/profit	(1,337)	1,979	10,327
Cost of finance	(2,313)	(713)	(1,869)
Gearing adjustment	1,346	1,879	3,541
	<u>(2,304)</u>	<u>3,145</u>	<u>11,999</u>
Discontinued and restructured businesses loss	(327)	(2,308)	(7,730)
Current cost (loss)/profit before taxation and other items	<u>(2,631)</u>	<u>837</u>	<u>4,269</u>
Earnings per share	(2.8p)	—	(4.4p)

Notes:

- The comparative figures for the period to 11th August 1979 and for the 53 weeks to 2nd February 1980 in respect of sales and VAT have been amended to exclude those relating to discontinued and restructured businesses. The loss on discontinued and restructured businesses for the period represents the interest cost of discontinued businesses until receipt of the proceeds of sale. The comparative figures consist of: restructured businesses (Debenhams Finance Limited) trading profit £3,925,000 less cost of finance £4,160,000; discontinued businesses trading loss £662,000 plus cost of finance £1,411,000.
- The current cost operating loss has been arrived at after charging adjustments in respect of depreciation and cost of sales, amounting to £2,488,000 and £4,663,000 respectively (1979 £2,059,000 and £4,832,000) and crediting a monetary working capital adjustment of £1,994,000 (1979 £1,160,000).

The profit before taxation of the Group for the 28 weeks to 16th August 1980 amounted to £1,290,000 compared with £4,731,000 for the same period in 1979. Although the Group has benefited from the disposal or closure of a number of loss making activities by the end of the last financial year, the impact of present trading conditions has had a material adverse effect on the results. The benefits of the restructuring of the Group are most apparent in the charge for cost of finance, which reduced from £6,284,000 in the comparable half year to £2,640,000 in the current period. The trading profit after cost of finance of the continuing businesses,

which includes a contribution from Welbeck Finance Limited, amounted to £1,507,000 compared with £6,997,000 in 1979. The Directors do not believe that the results for the first half of the year reflect profitability for the year as a whole since the Group has normally earned a large proportion of its annual profits over the Christmas trading period. The Directors have declared a net interim dividend of 2.04117p per share (last year same), amounting to £2,727,814 (1979 £2,727,811) payable on 6th December 1980 to shareholders on the register on 6th November 1980.

Companies and Markets

INVESTMENT TRUSTS

Industrial & General mid-term expansion

Revenue of Industrial and General Trust, investment trust concerned, rose by over 11m from £4.4m to £5.4m for the half year ended September 30, 1980, subject to a tax charge up from £1.45m to £1.76m. Earnings available came out at £3.7m compared with £2.9m, and to reduce disparity, the interim dividend has been lifted to 1.1p (10.9p) per 25p share as forecast—last year's final was 1.8p and net revenue amounted to £8.62m.

In their annual report, the directors said that dividend growth may well slow down, but they expected that the company's income would continue to make satisfactory progress.

Net asset value per share is given as 98.5p at September 30, compared with 79.1p at March 31.

Scottish Mortgage Tst. ahead

AFTER REDUCED interest of £47,984 against £64,912, pre-tax revenue of Scottish Mortgage and Trust Company, rose from £2.89m to £3.53m in the first half year ended September 30, 1980. The interim dividend raised from 1.8p to 2.5p in 1979-80, a total of 5.2p was paid when pre-tax revenue amounted to £6.4m. Tax charge in the first half is £1.28m (£1.13m) giving net earnings per share of 3.08p against 2.39p. Net asset value per share amounted to 181.5p (187.9p).

Interim rise at New Throgmorton

Revenue of the New Throgmorton Trust, investment trust managed by Keyser Ullmann Investment Management, came out higher at £398,427 for the six months ended September 30, 1980, against £380,672, and the interim dividend is increased from 0.9p to 1p net per 25p income share.

Struck after administration and interest charges of £114,770 against £99,348, and tax of £186,545 (£171,947) the surplus gave earnings of 1.018p (0.973p) per share. Cost of the interim payment will be £391,945 (£352,213)—last year's final dividend was 0.9p and revenue amounted to £282,110.

Throgmorton Sec. Growth at £439,000

Taxable profits of Throgmorton Secured Growth Trust rose in the 12 months to July 31, 1980, from £333,301 to £438,188 and the total dividend is being raised to 3.575p net (2.25p) with a final of 1.9625p. Tax took £132,653 (£103,739) leaving net earnings per 25p share for the year of 3.065p, compared with 2.296p.

The net asset value, taking prior charges at market value, was 187.99p (177.48p).

First-half fall for Scottish Heritable

Profits before tax of Scottish Heritable Trust fell, from £560,700 to £370,100 in the opening six months of 1980, on turnover of £10,220m against £9,69m. Mr. A. Cochran Duncan, the chairman, does not expect the group to equal the record 1979 surplus of £1.33m, but still anticipates a satisfactory result for the current year.

The interim dividend is held at 1p, and absorbs £80,000—last year's final was 1.5p.

The pre-tax surplus was struck after associate losses of £10,100 (£2,500), expenses of £91,000 (£63,300) and interest of £295,300 (£211,600). Tax took £168,300 (£153,900) and there were minorities' profits last time of £91,800. Earnings per 25p share are shown as 2.47p (3.84p).

London & Montrose advances

Net revenue of London and Montrose Investment Trust expanded to £924,222 against £710,336 to the year to September 30, 1980.

The dividend is stepped up to 9.4p (7.15p) with a final of 6.3p, and the directors are planning a three-for-two scrip issue.

Gross income amounted to £1.51m (£1.22m) and tax took £491,349 (£424,975). Earnings per share are shown up from 7.22p to 9.45p and the net asset value is 308p against 270.5p.

THE PHILIPPINE INVESTMENT COMPANY S.A.

Net Asset Value as of September 30, 1980 U.S.\$11.17
Listed Luxembourg Stock Exchanges
Agent:
Banque Generale du Luxembourg
Investment Bankers:
Manila Pacific Securities, SA

UK COMPANY NEWS

APPOINTMENTS

Reorganisation at Sime Darby

SIME DARBY GROUP states that it is to implement a concept of non-executive responsibility at the policy-making level with the Sime Darby Berhad Board consisting entirely of non-executive directors apart from three executive officers of the group, namely the group chief executive, the director of operations and the finance director.

The present executive Board, which has the three executive officers of the group represented on the Sime Darby Berhad Board plus the divisional group directors, will form the executive or operating arm of the group. This separates the policy-making function from the operational activities of the group with the three senior executive officers of the group providing the link between the two Boards.

Mr. R. T. Constable is now the only divisional group director on the Sime Darby Berhad Board and he has agreed to resign as a director to enable this change to be made. Mr. Constable will continue as managing director of the Hong Kong division and member of the group executive board, and will also be appointed chairman of Sime Darby Hong Kong in succession to Y. M. Tsui, who has resigned after a number of years. He will continue to have special responsibility for the Group's construction operations. Mr. Philip Osborn has been appointed a director of the construction division.

Mr. Peter A. Taylor, general manager of the Royal London Mutual Insurance Society, has been appointed director of the group.

Mr. B. A. Farquharson is to retire from the partnership of

RICHARD ELLIS on April 30, 1981. He will be succeeded as senior partner by Mr. M. H. Baylis.

Mr. George Felton has been appointed a director of BRITISH NATIONAL LIFE INSURANCE SOCIETY, responsible for the new specialist underwriting division. Mr. Peter W. Goodkoop has become director of investments of ARMCO FINANCIAL SERVICES EUROPE.

Mr. Nigel H. Clutton, a senior partner in Cluttons of Westminster, has joined the Board of MORNINGTON BUILDING SOCIETY.

REDMAN BROUGHTON has appointed Mr. Peter Freer a financial director.

Mr. Wm. Harvey, senator and honorary treasurer, Queen's University of Belfast, has been elected to the Board of the Belfast-based merchant bank, UNICO FINANCE in addition to being appointed chief accountant.

COUNTRYSIDE PROPERTIES has appointed Mr. Andrew Wassell a director. Mr. Wassell has been managing director of the Group's construction division for a number of years. He will continue to have special responsibility for the Group's construction operations. Mr. Philip Osborn has been appointed a director of the construction division.

Mr. Peter A. Taylor, general manager of the Royal London Mutual Insurance Society, has been appointed director of the group.

Mr. B. A. Farquharson is to retire from the partnership of

been appointed chairman of the INDUSTRIAL LIFE OFFICES ASSOCIATION succeeding Mr. Nevil Carroll, vice chairman and formerly general manager of the Britannic Assurance Company. Mr. Derek C. Rousdon, general manager (UK) of the Prudential Assurance Company, succeeds Mr. Taylor as vice-chairman. Mr. H. L. K. Browne, chairman of the London and Manchester Assurance Company, has been re-elected treasurer.

Mr. Ian Burton has been appointed deputy managing director of R. W. FORSYTH.

WILKINS AND MITCHELL has made the following appointments: Mr. Edward Wilkins, a son of the founder of the company, retires as deputy chairman and joint managing director. Mr. John Moore, has resigned for personal reasons as a director. Mr. William Russell has been appointed as a non-executive director.

Mr. Maurice Garner has been appointed to the Board of MICRELEC.

Mr. Brian Downing, formerly marketing services director for the Myson Group, has been appointed marketing director of P. C. HENDERSON.

Dr. Christian Schroeder has become chairman of SEITZ ENGINEERING (CB). Dr. Guenther Krempel and Dipl.-Ing.

Mr. Jerry Plusschke has been appointed managing director of CASEYS CAMPING, a subsidiary of Pentis Garden and Leisure Products Group.

Theobald Selz, who are respectively technical director and financial director of the Seitz Group, will have special advisory responsibility for policy matters at Seitz Engineering.

Mr. Michael Cohen, Mr. Andrew Watson and Mr. James Wellings have been appointed to the Board of FIDELITY INTERNATIONAL MANAGEMENT, part of the Fidelity Group of Boston.

Mr. Keith H. Hodgkins has been appointed managing director of G.B. MEASUREMENTS, within the relay and instrument division. Mr. William A. Cooper becomes marketing director. Mr. John P. Rogers, personnel director, Mr. William A. Thompson, technical director, and Mr. Michael A. Hughes, chief engineer.

INTERNATIONAL TEXTILE MANUFACTURERS FEDERATION has elected the following honorary officers for two years: Mr. Idris Othman, president, Mr. Donald Comer, senior vice-president, Mr. Bernard Crane-Bawa, junior vice-president, and Mr. Hamed Habib, honorary treasurer. Mr. Roger Sauvage, the retiring president, has been elected honorary life member of the Federation.

Mr. Jerry Plusschke has been appointed managing director of CASEYS CAMPING, a subsidiary of Pentis Garden and Leisure Products Group.

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$100,000,000

J. C. Penney International Capital N.V.

(Incorporated with limited liability in the Netherlands Antilles)

12% Deferred Purchase Notes Due 1986

Payable as to 25 per cent. on 29th October, 1980 and 75 per cent. on 1st May, 1981

Guaranteed unconditionally as to principal, premium, if any, and interest by

J. C. Penney Financial Corporation

The following have agreed to subscribe for the Notes:

Credit Suisse First Boston Limited

Banque Bruxelles Lambert S.A.

Banque Nationale de Paris

Daiwa Europe N.V.

Deutsche Bank Aktiengesellschaft

Kuwait International Investment Co. s.a.k.

The Issue Price of the Notes will be 100 per cent. of their principal amount, payable in respect of each Note as to U.S.\$250 on 29th October, 1980 and U.S.\$750 on 1st May, 1981.

The Notes have been admitted to the Official List by the Council of The Stock Exchange, subject only, in respect of the partly paid Notes, to the issue of the temporary Global Note and, in respect of the fully paid Notes, to their issue. The first interest payment will be made on 1st May, 1981. Thereafter interest is payable annually on 1st May.

Full particulars of the Notes and the Issuer are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 30th October, 1980 from the brokers to the issue:

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

16th October, 1980

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or invitation to the public to subscribe for or to purchase, any securities.

\$100,000,000

General Motors Overseas Finance N.V.

(Incorporated in the Netherlands Antilles)

11 1/4% NOTES DUE OCTOBER 15, 1987

Payment of principal and interest unconditionally guaranteed by

GENERAL MOTORS CORPORATION

(Incorporated in Delaware, U.S.A.)

The following have agreed to subscribe for the Notes:

MORGAN STANLEY INTERNATIONAL

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BANQUE NATIONALE DE PARIS

BANQUE DE PARIS ET DES PAYS-BAS CREDIT LYONNAIS DAI-ICHI KANGYO BANK NEDERLAND N.V.

KUWAIT INVESTMENT COMPANY (S.A.K.)

MERRILL LYNCH INTERNATIONAL & CO.

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Particulars relating to the Notes are available in the Extel Statistical Services Limited and may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 30th October 1980 from the brokers to the issue:

Cazenove & Co.,
12, Tokenhouse Yard,
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16th October, 1980

This announcement appears as a matter of record only.



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Barclays Bank International Limited
Development Bank of Singapore
Skandinaviska Enskilda Banken (South East Asia) Limited

Agent

Grindlays Bank Limited
(Singapore Branch)

October 1980

Chemical groups show sharp decline

BY OUR NEW YORK STAFF

North Sea oil and Indonesian gas when it announced an increase of third quarter profits to \$66m — up from the \$19m earned from continuing operations in 1979—but said that 80 per cent of its operating profit came from its oil and gas.

The company said that improved third quarter earnings from chemicals, fibres and oil and natural gas had helped to offset the effect of the recession on plastics and automotive related products. Third quarter sales rose up 6 per cent to \$1.3bn. Nine month profits were \$207.5m, compared with a net loss of \$56.6m last year when \$163.2m had been written off.

Hefty loss at Pullman

By Our Financial Staff

By Our Financial Staff

J. RAY McDERMOTT has sold its 512,355 shares of Pullman at \$56 each. No other details were given. McDermott was the loser in a bid contest for Pullman with Wheelabrator-Fry.

On Wednesday, McDermott said it was withdrawing

\$274m tender offer shares in Pullman

In Chicago, Pullmann, the railroad manufacturer, reported a third quarter loss of \$30.4m including an additional pre-tax loss provision of \$31m on its Pullman Swindell divisions foreign contracts and \$21m of expenses related in its anticipated merger with Wheelabrator-Frye.

CLINTSTRAND

	1980	1979
Third quarter		
Revenue	220.34	207.28
Net profits	19.22m	16.93m
Net per share	1.12	1.05
Nine months		
Revenue	635.5m	622.4m
Net profits	58.51m	47.34m
Net per share	1.23	0.96

	1980	1979
Third quarter		
Revenue	204.71	149.64
Net profits	8.78m	1.7m
Net per share	0.55	0.18
Nine months		
Revenue	587.6m	473.2m
Net profits	27.22m	18.13m
Net per share	2.63	1.74

	1980	1979
Third quarter		
Revenue	1,078m	1,078m
Net profits	63.48m	66.45m

Net per share	0.97	1.01
Nine months		
Revenue	3.25bn	2.97bn
Net profits	186.57m	184.94m
Net per share	2.66	2.82




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NEW ISSUE

October 2, 1980

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9% CONVERTIBLE SUBORDINATED GUARANTEED DEBENTURES DUE 1995

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International LimitedJ. Henry Schroder Wagg & Co.
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Peterbroeck, Van Campenhout & Cie.	Pierson, Helderling & Pierson N.Y.	Rothschild Bank AG	Salomon Brothers International
Scandinavian Bank	Shearson Loeb Rhoades International	Skandinaviska Enskilda Banken	Société Générale
Société Générale de Banque S.A.	Société Séquanaise de Banque	Sparbankernas Bank	Strauss, Turnbull & Co.
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INTL. COMPANIES & FINANCE

Saab forecasts decline despite interim advance

BY WESTERLY CHRISTNER IN STOCKHOLM

SAAB-SCANIA, the Swedish automotive and aerospace group, reports pre-tax earnings of SKr 566m (\$143.2m) for the first eight months of this year, an increase of SKr 70m, but does not expect that profits for the full year will match last year's SKr 861m.

Earnings per share rose at the end of the eight months to SKr 17.90 from SKr 15.40. Pre-tax profits corresponded to 6.7 per cent of sales at the end of August compared with 5.4 per cent in the 1979 period. The spring labour disruption is said to have cost SKr 60m in profits. Group sales during the eight months increased by 2 per cent to SKr 8.6bn, of which SKr 4.7bn came from foreign markets.

The interim report says earn-

ings during the final four months of the year will be lower than for the corresponding period in 1979. The expected 1980 profit shortfall is partially attributed to dampened automobile demand.

The eight-month earnings advance was largely attributable to the Scania truck and bus division, which returned a 12 per cent sales increase to SKr 4bn. During this time 16,500 trucks and buses were delivered compared with 15,700. However, the company says the order intake at the end of the period was "somewhat lower" than a year earlier. For all of 1979 Scania turnover reached SKr 5.9bn.

An 11 per cent sales drop was recorded at the Saab car divi-

sion. During the eight months turnover reached SKr 2.37bn, down from SKr 2.54bn, with 43,800 units delivered compared with 55,900. Sales of the 900 series, however, showed a continued increase, it is stated, while sales of other models fell. For last year as a whole, car sales reached SKr 3.8bn. No divisional profit figures are given.

The aerospace division saw a sales rise of 7 per cent to SKr 585m during the eight months. In January, Saab Aerospace signed an agreement with Fairchild Industries of the U.S. to build a new commuter aircraft, designated the Saab-Fairchild 340. First deliveries are due in 1984.

Swedish groups in coal trade move

By William Duffell in Stockholm

SWEDEN'S Axel Johnson group and Swedish Steel (SSAB), the Swedish steel company, are negotiating a merger of their steel trading interests. The move would bring together the leading cost importer at a time when power companies are planning to build coal-fired plants and dominate the Swedish steel stockholding market.

SSAB already the largest importer of metallurgical coal to Sweden, wants to expand into coal for domestic industrial heating. The Axel Johnson group has a wide coal trading business.

Importing

The new joint company, Nordsteel, would compete with the coal importing company planned by LKAB, the state iron mining company, the state power board and Sydskraft, the south Swedish power company.

The state power board has submitted plans for a 600 MW coal-fired electricity plant on the east coast, which will require imports of 2.5m tonnes of coal a year, while Sydskraft is seeking permission to build another 600 MW coal-fired plant in the south. Both would come into operation in the late 1980s.

Steel

Shortly after its formation in 1978 with a 50 per cent state interest SSAB bought a half share in Ahlsell Stålsgrussten, a private steel merchant, with the option to buy the other half.

The intention now is for SSAB to exercise this option and to sell the second half to Axel Johnson Stål, the Johnson group's steel trading subsidiary, specialising in tubes and special steels.

Last autumn SSAB bought Sweden's largest steel stockholder, Thénor. Ahlsell, grussten and Thénor have a combined turnover of around SKr 4bn (\$964m) while Axel Johnson Stål had sales of SKr 240m last year.

Acquisitions aid L'Oreal growth

BY TERRY DODSWORTH IN PARIS

L'OREAL, the French cosmetics hair products and pharmaceuticals company, raised its by 28.8 per cent in the first six months of this year, after the integration of two concerns new to the group, Metabio Joulie and Societe d'Hygiene Dermatologique de Vichy. Operating profit was FFr 405m while net income came at 32 per cent higher at FFr 188m.

Turnover also rose strongly,

going up by 31 per cent from FFr 3.3bn to FFr 4.3bn (\$1bn), but the company stresses that, on an identical basis, the progression would only have been about 14.3 per cent.

L'OREAL, which has been expanding rapidly in the last two years, and has a big programme of overseas development in course, says that the slightly lower rate of improvement in profits compared with turnover was partly attributable

to a decline in the growth experienced in the pharmaceuticals sector. In addition, it incurred some exceptional costs in the takeover of Metabio Joulie.

The cosmetics side of the business grew at a rate roughly in line with the overall increase in sales. This progression was because of an improvement in performance in overseas markets, compared with French activities.

Dow Banking plans public issue

BY JOHN WICKS IN ZURICH

DOW BANKING CORPORATION, the Swiss based merchant bank, is to go public through the issue of around 25 per cent of its capital.

Owned by Dow Chemical Company of the U.S., Dow Banking is the biggest U.S.-owned bank in Switzerland. It has assets exceeding SwFr 2bn (\$1.21bn) and net profits last year amounted to SwFr 11.8m.

The public offer will consist of 60,000 fully-paid bearer shares (nominal value SwFr 500), of which 20,000

shares represents new capital. Subscription will be open from October 24 to November 5. The price has yet to be set.

According to Mr. Leslie G. Merszel, the Dow Banking president and chief executive, the bank "has ambitious growth targets which entail further capital increases." The broadening of the shareholder base opens up a new source of equity finance, he added.

Future plans include the opening of offices in Singapore and Miami, as well as a new joint-venture bank in London. Re-

cently, new operations have been set up in Hong Kong, Buenos Aires and Bogota.

● Sandoz, the Swiss chemical group, has successfully concluded negotiations with the Dutch seeds company, Zaadunie for the purchase of a majority shareholding.

The move marks a further expansion through acquisition of the Sandoz seeds division. With a 1979 turnover of SwFr 378m (\$230m) the division has to now been based primarily in the U.S.

ICI Australia to raise project loan of A\$230m

BY SUE CAMERON IN LONDON AND JAMES FORTH IN SYDNEY

A CONSORTIUM of Australian banks and financial institutions has arranged a A\$230m (\$271m) loan for ICI Australia, the local offshoot of Imperial Chemical Industries. The money will be used to build a 250,000 tonnes a year ethylene plant at Botany near Sydney.

The loan is the largest domestically funded project financing yet undertaken.

ICI Australia announced the project last year. The ethylene plant — ethylene is the so-called building block of the chemical industry — is to be part of a A\$400m expansion of the Botany complex which will include plastic raw materials and other base chemicals.

The loan for the new plant has been arranged by the Australian Resources Development Bank, the Australian In-

dustry Development Corporation, the Bank of New South Wales, the National Bank of Australasia, ANZ Banking Group, Commonwealth Trading Bank and the Australian Mutual Provident Society (AMP). Earlier this year ICI raised A\$60m through a debenture issue.

The finance for the project is being provided to Olefines Pty., a company jointly owned by ICI Australia and the AMP. Olefines Pty. will own the plant and lease it to ICI Australia operations Pty., a wholly owned subsidiary of ICI Australia.

The structure of the financing was developed by ICI in consultation with its adviser, Hill Samuel Australia. Australis ethylene output is currently about 250,000 tonnes to 260,000 tonnes.

This announcement appears as a matter of record only.

September, 1980



U.S. \$380,000,000

Credit Facilities

Instituto Nacional de Obras Sanitarias

Venezuela

Arranged by

Credit Suisse First Boston Limited

The following banks participated in the facilities

Crédit Suisse

Creditanstalt-Bankverein

Girozentrale und Bank der Österreichischen Sparkassen

The Sanwa Bank, Limited

The Dai-Ichi Kangyo Bank, Limited

The Long-Term Credit Bank of Japan, Limited

Midland Bank Limited

The Taiyo Kobe Bank Limited

Allgemeine Sparkasse in Linz

Banco Central, S.A. London Branch

Banco di Napoli New York Branch

Banco di Santo Spirito (Luxembourg)

Banco Pinto & Sotto Mayor (Paris Branch)

Banco Urquijo Hispano Americano Limited

Bancamer, S.A.

Bank of British Columbia

Bank of New South Wales

Banque Européenne pour l'Amérique Latine (B.E.A.L.) S.A.

Banque Intercontinentale Arabe

Banque Nationale de Paris

Credit Suisse First Boston Limited

Deutsch-Scandinavisches Bank AG

European Brazilian Bank Limited - EUROBRAZ

The Hokkaido Takushoku Bank, Limited

Japan International Bank Limited

The Kyowa Bank, Ltd. New York Branch

Landesbank Rheinland-Pfalz und Saar International S.A.

F van Lanschot Bankiers (Curaçao) NV

Midland Bank France S.A.

Midland and International Banks Limited

The Mitsubishi Trust and Banking Corporation

Morgan Grenfell & Co. Limited

The National Bank of Australasia Ltd.

Nederlandse Credietbank (Overseas) NV

The Nippon Credit Bank, Ltd.

Nordic Bank Limited

Nordic Bank Limited, Singapore Branch

Overseas Union Bank Limited, Singapore

PKBanken International (Luxembourg) S.A.

N M Rothschild & Sons Limited

The Saitama Bank, Ltd.

Scandinavian Bank Limited

SFE Banking Corporation Limited SFE Group

Svenska Handelsbanken S.A.

The Toyo Trust and Banking Company, Limited

UBAF Bank Limited

Wuerttembergische Kommunale Landesbank Girozentrale (Landesbank Stuttgart, London Branch)

Zentralsparkasse und Kommerzbank Wien

This announcement appears as a matter of record only.

September, 1980

U.S.\$20,000,000

The Toledo Edison Company

Revolving Credit Facility

Arranged by

Credit Suisse First Boston Limited

Funds provided by

Bank Brussels Lambert (U.K.) Limited

Crédit Lyonnais

Credit Suisse First Boston Limited

Crédit Suisse (Luxembourg) S.A.

Dresdner Bank AG Grand Cayman Branch

Hessische Landesbank - Girozentrale

J. Henry Schroder Wagg & Co. Limited

Agent Bank

Credit Suisse First Boston Limited

مكتبة

HONG KONG SHARES

Small investors ride a bull market

BY OUR HONG KONG CORRESPONDENT

NEW FACES are crowding into the visiting galleries of Hong Kong's four stock exchanges. The Hong Kong stock market is still a preserve of the individual investor with a bent for taking risks, and since the risks have proved extremely rewarding this year, a flood of new speculators has poured in to create a bull market that is feeding on itself.

From its low for the year of 735.92, on March 19, the Hang Seng Index has climbed steadily to close last week at a seven-year record of 1357.18, a gain of 84 per cent, and has risen to 1,430 this week.

Daily turnover on the Hong Kong market has climbed from a low for the year of HK\$60m to a one day record last month of HK\$774m and an average in recent trading of more than HK\$600m (U.S.\$120m).

An instance of the way things have moved is that Carrian Investments, a property trading company bought earlier this year by undisclosed South East Asian interests, has risen from its adjusted acquisition price of HK\$3.75 to HK\$16.60 where it stands at about three times its price-earnings ratio.

A 540,000 square foot office building which changed hands in January for HK\$ 998m (U.S.\$200m) was sold again in July for HK\$ 1.6bn and the winning bid in a recent public tender for a piece of prime commercial land, came to HK\$ 26,000 a square foot. As a neutral consequence, it has been the property stocks that have benefited the most from

the Hang Seng Index shot up to 1770 and then crashed to a low the following year of 160, in the process wiping out the savings of thousands of householders. However the average p/e at the height of the bubble was near to 100, while it is now still below 20.

the bull market. Shipping and textiles have lagged behind. Interest rates have had a major influence, as they have everywhere else, but their effect in Hong Kong is magnified by the predominance of property stocks. When the U.S. prime rate climbed this spring to its

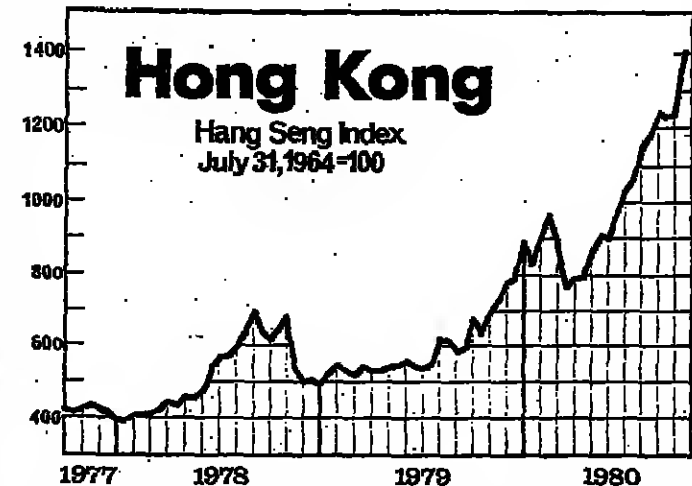
or trading houses, did well. The exception was the Swire Pacific group, which suffered from increased fuel costs and foreign exchange troubles encountered by its airline, Cathay Pacific. Both Hutchison Whampoa and Jardine Matheson overcame in 1979-80 the difficulties that had beset them in previous years.

But aside from purely corporate inducements, observers also point to the growth rate of the money supply as a cause of the bull market. In the spring, M3 was growing at the already high annual rate of about 32 per cent, but in June it shot up to 40 per cent as a result of a flow of foreign funds into Hong Kong. However, it has maintained that 40 per cent growth rate in subsequent months, despite evidence that the inflow has now changed, to an outflow.

Companies have done their best to soak up the money. There have been four new public floats this year, against a total of three between 1973 and 1979, and almost every week sees a new rights issue or loan stock.

After years of waiting for the market to move, Hutchison Whampoa announced a HK\$800m convertible loan stock in August. It was followed by Hongkong Electric in September with a HK\$785m rights issue of ordinary shares to finance construction of a new generating plant, and this month, by Jardine Matheson with a HK\$1bn convertible loan stock to pay off bank debts raised to buy more Hongkong Land shares. None of these have created more than a slight hiccup in the upwards movement of the index.

People aren't even talking about 1,500 anymore. They're talking about 1,700, 1,800 and 2,000 and they'll probably get it if only because that's what they believe," says one broker. With talk of that nature, investors are beginning to look over their shoulders to 1973. Now, as then, the big question has become when to get out.



Underlying the boom is the fact that about 80 per cent of the assets in Hong Kong's publicly quoted companies are buildings and land. The real estate market has enjoyed a boom of its own because there is a shortage of land for the rapidly growing population and because the property market is underpinned by an economy still growing at over 10 per cent a year in real terms, long after the growth rate was forecast to start falling.

A 540,000 square foot office building which changed hands in January for HK\$ 998m (U.S.\$200m) was sold again in July for HK\$ 1.6bn and the winning bid in a recent public tender for a piece of prime commercial land, came to HK\$ 26,000 a square foot. As a neutral consequence, it has been the property stocks that have benefited the most from

peak of 20 per cent, Hong Kong's minimum lending rate tagged along to 16 per cent, and the increased financing cost of property meant that residential flats fell by more than 20 per cent. The Hang Seng Index followed suit by dropping 30 per cent, from a high in January of 963 to its mid-March low of 733, before relief came.

The speed of the rebound when interest rates began to fall was one of the main elements that pulled in the bulls who now have such a firm grip on the market.

The index broke through the 1,000 barrier on June 23 for the first time in seven years and daily turnover on the exchanges instantly doubled.

The rebound was helped by listed companies reporting by good performances. The British-dominated booms,

Demand for Regal Hotels offer

REGAL HOTELS (HOLDINGS), a new hotel-owning company which has offered 180m shares to the public at HK\$ 1.90 a share, has enjoyed a massive support for the issue of a kind not seen in Hong Kong since 1973. It is estimated to have been 10 times over-subscribed, according to Wardley, the underwriter, although the final count will not be finished until next week. This gives total subscriptions of some HK\$ 3bn (U.S.\$600m).

Regal Hotels is easily the largest new float in Hong Kong since 1973. Although an issue earlier this year, by Ka Wah Bank, was 22 times over-subscribed, it was one of HK\$ 45.5m. The two other companies floated this year, Wing Lung Bank and Remy Martin (Far East) managed to pull in only fractional over-subscriptions.

Regal Hotels is a subsidiary of another Hong Kong property company, Great Eagle, and its principal assets are two hotels which together will have a total of 1,000 rooms but are still under construction. They are scheduled for completion in 1982 and will be managed by a subsidiary of Air France.

Stock market sources attribute the response of investors to the prevailing bullish mood on the market.

Several listed companies, including Hutchison Whampoa and Jardine Matheson, have already taken advantage of bullish sentiments to retire their floating rate debts by issuing large convertible loan stock.

The HK\$ 3bn of more the public appears to have tendered for shares in Regal Hotels compares with the record of HK\$ 5bn tendered in 1973 for Union Bank, an issue that was 84 times over-subscribed.

COMPANY ANNOUNCEMENT

EAST DAGGAFONTEIN MINES LIMITED
(Incorporated in the Republic of South Africa)

INVITATION FOR OFFERS TO PURCHASE RIGHTS IN THREE SLIMES DAMS

East Daggafontein Mines Limited intends disposing of its rights in three slimes dams situated on the farm Daggafontein No. 125 I.R., Transvaal, Republic of South Africa, provided that an offer satisfactory to the company is received. Offers are invited from interested parties for the rights in the three slimes dams as a whole.

All risk in and to the slimes dams will pass to the successful tenderer on acceptance of its tender by this company, as will the obligation to comply with the provisions of the Atmospheric Pollution Prevention Act 1965 and the Water Act 1956.

The purchase price shall be paid to the company as follows:

- (a) 50 per cent of the accepted tendered amount within 30 days of acceptance of the tender;
- (b) 50 per cent of the accepted tendered amount within 210 days of acceptance of the tender.

All such amounts shall be paid to the company's offices in Johannesburg free of exchange and commissions.

The successful tenderer shall not be entitled to treat, remove or deal with any material comprising the slimes dams, or to receive transfer of the offered rights, until such time as the company has received the full purchase price.

Salient details of the three dams on offer are:

Situation on the farm Daggafontein	Estimated tonnage (millions)	Estimated gold content (gm/t)	Estimated uranium content (kg/t)
North-West (6L18)	27.5	0.47	0.071
North-East (6L19)	17.18	0.41	0.102
East (6L20)	28.5	0.41	0.057

(No warranty is given as to the accuracy of these figures)

Should any further information be required, including data relating to metallurgical test work carried out on samples of the dams, application should be made to the company's managing director at the address given hereunder.

East Daggafontein Mines Limited will be under no obligation to accept the highest or any offer, and may reject any offer at its complete discretion, without giving any reason therefor.

It should be noted that the company has granted a right of first refusal on rights to the said slimes dams to East Rand Gold and Uranium Company Limited (ERGU). In the event that no satisfactory offer is received for the slimes dams then the rights conferred on ERGU in terms of the agreement to which reference has been made, will be the subject of negotiation between the two companies and may be extended for an indefinite period.

This invitation remains open for acceptance until noon on Monday, December 1 1980 and offers are to be submitted in writing to the company's managing director at P.O. Box 61587, Marshalltown, 2107 Republic of South Africa or delivered to Room 444, 4th Floor, 40 Fox Street, Johannesburg.

Upon an offer being made it may not be withdrawn prior to December 15 1980.

Johannesburg

October 17 1980

CNT

Caisse Nationale des Télécommunications

U.S. \$100,000,000
Floating Rate Notes due 1986

For the six months
16th October 1980 to 16th April 1981
the Notes will carry an
interest rate of 13 3/4% per annum,
with a coupon amount of US\$66.99.
Interest payable on 16th April 1981.

Bankers Trust Company, London

Pioneer Electric plans share issue outside U.S.

BY YOKO SHIBATA IN TOKYO

PIONEER ELECTRIC Corporation, the electric appliance concern is to increase its paid-up capital by offering 8m new shares of its common stock outside the U.S. The date of payment for the new shares has been set for December 24.

Pioneer intends to apply the proceeds of the issue to increase investment in manufacturing facilities for home and mobile audio products and interactive cable television, expansion of

research and development facilities, and investment in subsidiaries.

The company is also to make a scrip issue to shareholders as at September 30, 1981, at the rate of one new share to each four held.

Pioneer unconsolidated operating profits in the fiscal year ended September 30 appear to have reached ¥29.5bn (\$140m), up 31 per cent on the year on sales of ¥220bn, up 21 per cent.

Consolidated plantations faces setback

By Wong Sulong in Kuala Lumpur

CONSOLIDATED Plantations, the highest of Sime Darby's plantation subsidiaries, has told shareholders that unless there is a strong recovery in commodity prices, its earnings for the current year, ending June, 1981, will be lower than the previous year. It said that 40 per cent of the current year's production had been sold "at prices significantly below last year's levels."

Earlier, the other Sime plantation subsidiaries, Kempas Benta and Taiping Consolidated, had made similar forecasts based on softer commodity prices.

For the year ended June Consolidated Plantations improved its pre-tax profit by 7.4 per cent to a record 99m ringgit (US\$47m).

In its annual report, the company said new land development at Segallid in Sabah and Hadapan Estate in Johore was progressing well. The first commercial crop of cocoa from Segallid Estate would be harvested in the current year, while oil palm at Hadapan was showing "vigorous growth."

However, the company's experience with cocoa planting on its west Malaysian estates had been a disappointment, with low yields, coupled with the very sharp fall in prices in the past two years. The company had therefore decided that future cocoa cultivation should be concentrated in Sabah, where yields were much better, because of good soils.

Chartered Bank offers S\$ bond

By Our Financial Staff

CHARTERED BANK will make a S\$50m (U.S.\$24m) seven-year bond issue, through its wholly owned subsidiary Chartered Financial Services Singapore. It expects a 10 per cent coupon.

The management group consists of Standard Chartered Merchant Bank Asia Development and Bank of Singapore as joint lead managers. Banque Nationale de Paris (S.E. Asia) and United Overseas Bank.

This is the first time a commercial bank has directly tapped the Singapore dollar bond market which is predominantly a government securities market.

Notice to holders of American Medical International, N.V. 5 1/2% Subordinated Guaranteed Convertible Bonds, due 1992 and 7% Subordinated Guaranteed Convertible Bonds, due 1990.

On August 15, 1980, the Board of Directors of American Medical International, Inc., declared a three for two stock split to shareholders of record on October 7, 1980, effective on November 12, 1980. Accordingly, the conversion price of the bonds will be adjusted on November 12, 1980, as follows:

	5 1/2% Bonds, due 1992	7% Bonds, due 1990
Conversion Price Prior to Stock Split	34.18	26.91
Adjusted Price, November 12, 1980	22.79	17.94



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Banque Nationale d'Algérie
US \$30,000,000
Floating Rate Notes due 1982

Banque Nationale d'Algérie ("BNA") hereby gives notice in accordance with the Terms and Conditions of the US \$30,000,000 Floating Rate Notes due 1982 issued by BNA that the rate of interest for the seventh interest period running from 17th October, 1980 to 21st April, 1981 has been fixed at 13 3/4%.

By: Kuwait Investment Company (S.A.K.)
(The Fiscal Agent for the said Notes)

17th October, 1980

NEW ISSUE

16th October, 1980

NISSHO Iwai CORPORATION

(Nissho Iwai Kabushiki Kaisha)

(Incorporated in Japan with limited liability)

U.S. \$40,000,000

8 per cent. Convertible Bonds 1996

Nomura Europe N.V.

Banque de l'Indochine et de Suez

Credit Suisse First Boston Limited

Kleinwort, Benson Limited

Manufacturers Hanover Limited

Baring Brothers & Co., Limited

Banque Nationale de Paris

Dai-ichi Kangyo International Limited

Kuwait International Investment Co. s.a.k.

Swiss Bank Corporation International Limited

Algemeene Bank Nederland N.V.	A. E. Ames & Co.	Amsterdam-Rotterdam Bank N.V.	Andelsbanken A/S Dänemark
Arnold and S. Bleichroeder, Inc.	Associated Japanese Bank (International) Limited	Baché Holzer Stuart Shields Incorporated	Banca del Gottardo
Banca Nazionale del Lavoro	Bank of America International Limited	Bank of Brussels Lambert N.V.	Bank Julius Baer International Limited
Bank Guizwiller, Kurt, Rungener (Overseas) Limited	Bank of Helsinki Limited	Bank of Tokyo International Limited	Bank of Tokyo-Mitsubishi B.N.
Bank Leu International Ltd.	Bank Mees & Hope NV	Banque Française de Commerce Extérieur	Banque de Paris et des Pays-Bas
Banque Comptable, Ormond, Burres S.A.—Geneva	Banque Internationale à Luxembourg S.A.	Banque de Paris et des Pays-Bas	Banque Paribas
Banque Générale du Luxembourg S.A.	Banque de l'Union Européenne	Banque Worms	Bayerische Vereinsbank Aktiengesellschaft
Banque Populaire Suisse SA Luxembourggoise	Bank of the Pacific	Banque Worms	Bayerische Vereinsbank Aktiengesellschaft
Bayer Bank	Berliner Handels- und Bankverein	James Capel & Co.	Carr Schag & Co.
Chase Manhattan Bank	Chemical Bank International Group	Christians Bank og Kreditkasse	Citicorp International Group
Comptoir d'Escompte de Paris	Credit Industriel et Commercial	Credito Italiano SpA	Dai-ichi Kangyo Bank Nederland N.V.
Daisho Bank N.V.	Daisho Overseas Finance Limited	Den Danske Bank	Deutsche Bank Aktiengesellschaft
Denmark & Associates International Société Anonyme	Dillon, Read Overseas Corporation	Dresdner Bank Aktiengesellschaft	Deutsche Kommunalbank—Deutsche Kreditbank Aktiengesellschaft
Dresdner Bank Aktiengesellschaft	Robert Fleming & Co. Limited	Fuji International Finance Limited	Gedisa International
Antony Gibbs Holdings Ltd.	Goldman Sachs International Corp.	Groupement Privé Générale S.A.	Hambros Bank Limited
Handelsbank N.V. (Overseas)	Hessische Landesbank—Grenzbank	HSBC Bank Ltd.	IBJ International Limited
Istituto Bancario San Paolo di Torino	Jardine Fleming & Company Limited	Kfz, Peabody International Limited	Kuhn Loeb Lehman Brothers Asia
Kjellberg Handelsbank	Kreditbank S.A. Luxembourggoise	Kuwait International Finance Company S.A.K.	Kuwait International Finance Company S.A.K.
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)	Kyowa Finance (Hong Kong) Limited	Lloyds Bank International Limited	ITCB International Limited
Mitsubishi Bank (Europe) S.A.	Mitsui Finance Europe Limited	Samuel Montagu & Co. Limited	Morgan Guaranty Ltd
Morgan Stanley International	Nederlandsche Credietbank nv	Nippon Credit International (HK)	Nippon Kangyo Bank (Europe) Limited
The Nippon Securities Co., (Europe) Ltd.	Osaka International (Europe) Limited	Orion Bank Limited	Osaka Securities Co., Ltd.
Nomura International (HK)	Postbank Aktiengesellschaft	Privatebank Aktiengesellschaft	Rowe & Pitman
Pierson, Heiring & Pierson N.V.	Saitama Bank (Europe) S.A.	J. Henry Schroder Wang & Co. Limited	Shenman Loeb Rhoades International Limited
The Royal Bank of Canada (London)	Sanyo Securities Co., Ltd.	Siamkris Bank (Europe) S.A.	Smith Barney, Harris Upham & Co. Incorporated
Santander Bank (Overseas)	Société Générale de Banque S.A.	Strassmann & Co.	Sunlight Finance International
Singapore Nomura Merchant Banking Limited	The Taiyoh Bank (Luxembourg) S.A.	Tokai Kyowa Morgan Grenfell Limited	Tokai Kyowa Morgan Grenfell Limited
Société Générale	Union Bank of Switzerland (Securities) Limited	Veritas- und Westbank Aktiengesellschaft	S. G. Warburg & Co. Ltd.
Svenska Handelsbanken	Wakama Bank (Europe) S.A.	Wako International (Europe) Ltd.	Yamato Securities Co., Ltd.
Tchikawa & Burkhart	Yamato International (Europe) Limited	Yamato Securities Co., Ltd.	Yamato Securities Co., Ltd.
Vickers da Costa International Ltd.	Wood Gundy Limited	Yamato Securities Co., Ltd.	Yamato Securities Co., Ltd.
Wardley Limited	Yamato Securities Co., Ltd.	Yamato Securities Co., Ltd.	Yamato Securities Co., Ltd.

Like diamonds,
we're forever.



For more than thirty years, we have been supplying excavators, scrapers and trucks in over fifty countries, spread throughout five continents.

However, that's just the start of it.

You see, we didn't become the world's largest distributor of earthmoving equipment by sitting on our backsides waiting for it to happen.

We have always had a policy of imaginative expansion, coupled with the

kind of round the clock service that many of our competitors envy.

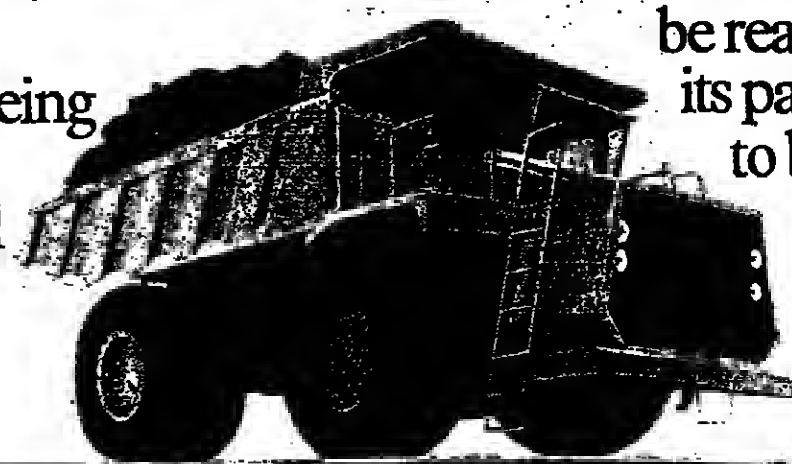
Much of the world is still being developed.

Many countries are poised to emerge into a world of high technology with ambitious developments of major social significance.

Whether it's ten, twenty
or fifty years from now, you

can be sure that Blackwood Hodge will be ready to play its part in helping to build a better world.

Our word
is our Bond.



**The world's largest distributor
of earthmoving equipment.**

THE POUND SPOT AND FORWARD

U.S.	2,803.2-2,418.0	2,418.0-2,180.0	0.83-0.732 pm	3.67	1,611-1,58 pm
Canada	2,405.2-2,200	2,200-2,180	1.00-1.50c pm	6.0	5.23-0.30 pm
U.K.	2,405.2-2,200	2,200-2,180	1.00-1.50c pm	6.0	5.23-0.30 pm
Belgium	20.70-70.95	70.95-70.10	35-20c pm	5.08	57-57 cm
Denmark	13.88-19.95	19.95-18.625	15-10c pm	0.83	5-5 cm dte
France	17.95-17.95	17.95-17.95	15-10c pm	0.83	5-5 cm dte
W. Ger	4.38-4.43	4.43-4.425	3 1/2-3 1/2 pm	5.8	94-78 cm
Italy	17.95-17.95	17.95-17.95	15-10c pm	0.83	5-5 cm dte
Spain	178.75-180.16	180.16-180.16	90-135c dte	-	-749
Sweden	17.95-17.95	17.95-17.95	15-10c pm	0.83	5-5 cm dte
Norway	11.72-11.81	11.81-11.81	4 1/2-5c pm	6.0	113-113 pm
France	10.14-10.22	10.22-10.217	4 1/2-5c pm	4.99	10-10 pm
Sweden	11.72-11.81	11.81-11.81	4 1/2-5c pm	6.0	113-113 pm
Japan	3.99-5.05	602%-602%	2.00-2.50c pm	6.4	714-716 pm
U.S.	12.03-12.30	12.30-12.30	4 1/2-5c pm	12.03	107-107 pm
Switz.	3.98-5.04	3.985-3.985	4 1/2-5c pm	6.4	714-716 pm

THE DOLLAR SPOT AND FORWARD

Net. 10	Day's spread	Close	One month	% g.n.	Three months
UK1	2,054.2-2,180	2,180.7-2,180	0.83-0.75 pc	—	1.68-1.38 pc
Ireland	1,804.7-1,804	1,804.7-1,804	0.23-0.19 pc	—	0.20-0.19 pc
Canada	1,169.7-1,152	1,157.7-1,160	0.23-0.19 pc	—	2.16-0.41-0.46 pc
Nethland	1,987.1-1,986	1,984.0-1,984	0.62-0.62 pc	—	3.46-1.71-0.61 pc
Denmark	6,172.5-6,170	6,173.5-6,170	x1.04-0.14	—	2.13-2.36-3.85 pc
U.S. Gar.	30.25-30.25	30.25-30.25	5.0-5.0 pc	—	1.07-0.07 pc
Spain	30.20-30	30.20-30	15-20 pc	—	-37-30.85 dls
Italy	73.74-75	74.46-74.51	80-75 pc	—	-10.87-70-185 dls
Portugal	30.25-30	30.25-30	5-14 dls	—	—
Norway	4,973.0-4,955	4,952.5-4,955	1.90-1.4000 pc	—	4.06-2.45-1.95 pc
France	4,230.4-4,226	4,226.0-4,226	0.57-0.47 pc	—	1.48-1.20-1.10 pc
Belgium	2,670.0-2,670	2,670.0-2,670	0.30-0.30 pc	—	2.46-1.40-1.30 pc
Japan	267.50-266.50	266.50-266.15	0.10-0.30 pc	—	2.46-1.40-1.30 pc
Switzerland	1,642.0-1,642	1,642.0-1,642	1.23-1.19 pc	—	6.77-5.17-3.12 pc

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS CURRENCY RATES

	Bank of England Index	Morgan Guaranty Change %	Oct. 15	Bank rate %	Special Drawing Rights	Europe Growth
Sterling	77.0	-99.8	Sterling	10	0.945064	0.571
Swiss franc	85.5	-2.2	U.S. \$	11	1.13180	1.589
Canadian dollar	80.5	-1.4	Canadian \$	11.80	1.18248	1.578
Austrian schilling	114.1	-1.6	Austrian Sch	14	16.917	17.921
Belgian franc	106.1	-1.7	Belgian franc	12	13.613	14.633
Danish kroner	106.1	-12.5	Danish K	12	7.28121	7.933
Deutsche mark	197.0	-82.0	D mark	7 1/2	2.45559	3.645
French franc	128.3	-13.7	Guilford	10	10.602	11.602
Guilford	197.0	-12.0	French Fr	7 1/2	6.50282	6.861
French franc	128.3	-13.7	Lira	16 1/2	113.8	108
Yon	69.0	-51.8	Norwegian Kr	8	8.38075	8.787
Yon	167.6	-35.0	Sp ams Pta	10	10.74287	103.6
Based on data weighted changes from 1964 to 1971 (Bank of England Index = 100)			Swiss Fr	6	6.16284	6.284
			Swiss Fr	6	6.16284	6.284

OTHER CURRENCIES

Oct. 16	£	¢	£	
	Note Rate			
Argentina Peso.....	4670.4690	1969-1946	Austria.....	31.60-31.51
Australia Dollar.....	3.0555-3.0576	0.8808-0.9510	Belgium.....	70.70-71.10
Brazil Cruzeiro.....	140.97-141.41	56.28-58.48	Denmark.....	13.45-15.15
Finland Markkaa.....	3.844-3.861	6.8706-3.8713	France.....	10.10-10.10
Greek Drachma.....	103.18-106.88	43.90-43.15	Germany.....	4.37-4.41
Hong Kong Dollar.....	12.08-12.10	5.0100-5.0120	Italy.....	2080-2177
Iran Rial.....	n.a.		Japan.....	482-504

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rate	Currency amounts against ECU October 16	%, change from central rate	%, change adjusted for divergence	Divergence limit %
Belgian Franc	39.7687	40.7726	+2.47	+0.78	1.53
Denish Kione	7.2238	7.3284	+1.43	-0.28	1.24
German O-Mark	2.48208	2.54701	+2.62	+0.83	1.125
French Franc	5.64706	5.38533	-0.47	-1.07	1.3557
Dutch Guilder	2.46362	2.76195	+0.67	+1.05	1.210
(Iiah Punt)	0.668201	0.675756	+1.40	-0.29	1.668
Italian Lire	1157.79	1205.47	+4.12	+2.61	2.408

Changes are for ECU, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct. 16	Pound Sterling	U.S. Dollar	Deutschmark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canadian Dollar	Belgian Franc
Pound Sterling	1	2.418	4.293	503.3	10.21	3.990	4.785	2096.	2.319	70.85
U.S. Dollar	0.414	1	1.222	202.3	4.223	1.850	1.983	267.0	1.166	22.51
Deutschmark	0.226	0.547	1	113.2	9.309	0.909	1.084	473.9	0.637	16.08
Japanese Yen 1,000	1.987	4.904	8.798	1,000	30.28	7.928	8.532	14165.	6.601	140.8
French Franc 100	0.979	2.368	4.332	462.2	10	3.908	4.286	2053.	2.731	29.39
Swiss Franc	0.251	0.606	1.108	126.1	2.559	1	1.202	525.3	0.706	17.76
Dutch Guilder	0.209	0.504	0.922	105.0	2.122	0.232	1	437.1	0.588	14.78
Italian Lira 1,000	0.477	1.153	2.110	240.1	4.271	1.904	2.288	1,000.	1.346	33.80
Canadian Dollar	0.355	0.258	1.569	178.6	3.622	1.418	1.701	743.7	1	25.14
Belgian Franc 100	1.411	3.512	2.243	710.3	14.41	5.632	2.766	2856.	3.272	100.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 16)

3 months U.S. dollars		6 months U.S. dollars	
bid 13	offer 13 1/8	bid 12 15/16	offer 13 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

	Oct. 16	Sterling	U.S.Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
Short term.....	10-18 1/2	12 1/2-15	6-7	2 1/2-3 1/2	3 1/2-4	8 1/2-10 1/2	11 1/2-11 3/4	14-17	37 1/2-37 3/4	2 1/2-3	
3 months' notice.....	11-17 1/2	12 1/2-15 1/2	8 1/2-9 1/2	3 1/2-4 1/2	1 1/2-1 3/4	8 1/2-9 1/2	11 1/2-11 3/4	18-21	37 1/2-37 3/4	3 1/2-4	
7 days.....	12 1/2-15 1/2	13 1/2-16 1/2	10 1/2-11 1/2	5 1/2-6 1/2	4 1/2-5 1/2	8 1/2-9 1/2	11 1/2-11 3/4	21-24	12 1/2-13	10-10 1/2	
Three months.....	15-16 1/2	15 1/2-18 1/2	10 1/2-11 1/2	5 1/2-6 1/2	5 1/2-6 1/2	8 1/2-9 1/2	11 1/2-11 3/4	22-24	12 1/2-13	10-10 1/2	
Six months.....	15-15 1/2	15 1/2-18 1/2	11 1/2-12 1/2	5 1/2-6 1/2	5 1/2-6 1/2	8 1/2-9 1/2	11 1/2-11 3/4	23-24	12 1/2-13	10-10 1/2	
One Year.....	14 1/2-14 1/2	12 1/2-15 1/2	11 1/2-12 1/2	5 1/2-6 1/2	5 1/2-6 1/2	8 1/2-9 1/2	11 1/2-11 3/4	23 1/2-24 1/2	12 1/2-13	10-10 1/2	

The following nominal rates were quoted for London dollar certificates of deposit: one-month 12.75-12.85 per cent; three-month 12.75-12.85 per cent; six-months 12.80-12.70 per cent; one year 12.30-12.40 per cent.

INTERNATIONAL MONEY MARKETS

German rates unchanged

Germany's key leading rates were left unchanged after yesterday's meeting of the Federal Council in Berlin, after speculation earlier in the week that the authorities were contemplating a cut in the Lombard rate. However, the Bundesbank said it had no intention of cutting the Lombard rate, which is quoted by DML 3bn, and allowed a rise in private rediscounts of DM 500 to DM 330 bn. However, according to Karl Otto Poehl, President of the Bundesbank, the authorities want to see a fall in German interest rates, in the long term, but may hold rates at present levels, in order to increase confidence in the D-mark. However, it has been expected that the weak liability within the European Monetary System, on a wider outlook the West German authorities may also be looking for a cut in UK and US interest rates, before cutting its own lending rates.

In the money market yesterday call money was quoted at 4.95-5.05 per cent compared with 4.75-4.85 per cent on Monday.

In Paris the Bank of France offered to buy first category paper for value on October 21. Banks wishing to take advantage of the facility had to submit to the bank maturity dates of November 1-10, November 11-15

or November 16-25. The amount involved and the rate will be announced some time on Monday.

UK MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 16 per cent (from July 2, 1980)

Day-to-day credit was in short supply last week as London's money market yesterday, and the authorities gave an exceptionally large amount of help. This comprised moderate purchases of Treasury bills directed from a disbursement of a small amount of local authority bills. The Bank also entered into another sale and repurchase agreement, involving a moderate sale of eligible bills. This help was completed with large loans to 8 nr 9 houses at MLR, for repayment today. Markets factors all worked against the market, and including a small net take up of Treasury bills to

LONDON MONEY RATES

NEW YORK		Starting Certificate of deposit	
	13 ¹ / ₂ -14	Oct. 10 1980	Interbank
Time Rate	12 ¹ / ₂ -13		
Discount Rate	12 ¹ / ₂ -13		
Treasury Bills (13-week)	11-12	Overnight	15 ¹ / ₂ -15 ³ / ₄
Treasury Bills (26-week)	11-12	2 days notice	15 ¹ / ₂ -15 ³ / ₄
		7 days or	
		7 days notice	15-15 ¹ / ₄
		One month	15 ¹ / ₂ -15 ³ / ₄
		Two months	15 ¹ / ₂ -15 ³ / ₄
		Three months	15 ¹ / ₂ -15 ³ / ₄
		Six months	15 ¹ / ₂ -15 ³ / ₄
		Nine months	15 ¹ / ₂ -15 ³ / ₄
		One year	15 ¹ / ₂ -15 ³ / ₄
		Two years	15 ¹ / ₂ -15 ³ / ₄

FRANCE		Local authority and finance houses	
	9.5		rate monthly and finance houses
Discount Rate	9.5		in table are buying rates for prime paper
Time Rate	11.375		bills 15% per cent.
One month	11.375		Approximate selling rate for one-
Three months	11.625		month 14 ¹ / ₂ -15% per cent. Approximate
Six months	12.000		three-months 14 ¹ / ₂ per cent; one-month
			cent.

JAPAN		Finance Houses Base Rates (subli-	
	8.25		cleaning Bank Deposit Rates for sums
Discount Rate	10.375		Treasury Bills: Average tender rates of
One (Unconditional)	11.500		
Three months (three-month)	11.500		

GOLD

Quiet trading

Trading in the London hullion day afternoon.

market was extremely quiet yesterday, and gold closed at \$672-\$675, a fall of \$5 an ounce from Thursday. The metal opened at the same rate, and was fixed at \$673.50 in the morning and \$674.00 in the afternoon.

	Oct. 16	Oct. 15
Gold Bullion (16 ounce)		
Close	\$672.675	(1279 1/4, 380 1/2)
Dponing	\$675.875	(1278 1/2, 382 1/2)
Month fixing	\$675.00	\$677.25
Afternoon fixing	\$674.50	(1279.147)
		\$678.00
		(1281.585)
Gold Coins		
Kruggerand	\$694.566	(1278.382)
1/2 Kruggerand	\$354.289	(1245.148)
1/4 Kruggerand	\$177.133	(1278.76)
1 1/4 Kruggerand	\$781.751	(1280.35)
Maple Leaf	\$695.822	(1279.25)
Month fixing	\$695.00	\$695.25
King Sova	\$162.184	\$162.184
Victoria Sova	\$160.86	(1279.81)
Month fixing	\$160.00	\$162.184
90 pesos Mexico	\$334.840	(1278.172)
100 Cor. Austria	\$656.60	\$656.60
\$60 Eagles	\$779.783	\$780.841
		\$656.604
		\$780.841

finance, and a small excess of revenue transfers over Government disbursements.

In the interbank market overnight loans opened at 17-18 per cent and rose to 23-25 per cent before coming back to 18-19 per cent around noon. During the afternoon rates fluctuated between 16 per cent and 23 per cent before finishing at 15-16 per cent.


WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, October 15, 1960. The Exchange rates listed are mid-rate between buying and selling rates as quoted between banks, unless otherwise indicated. The rates are for U.S. dollar payment in cash on specified order. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies. Bank of America NT and SA nor the Financial Institutions assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan.....	Afghani (O)	44.00	Greenland.....	Denish Krone	6,620	Papua N.G.....	Kina	0.8474
Albania.....	Leke	370	Grenada.....	Dollar	1.00	Paraguay.....	Guarani	137.30
Algeria.....	Dinar	6,338	Guadeloupe.....	Local Franc	4,206	Peru.....	Sol	0.3415
Andorra.....	French Franc	7,285	Guam.....	U.S. \$	1.00	Philippines.....	Ph. Peso	612.80
Angola.....	Kwanza	27.87	Guatemala.....	Quetzal	1.00	Poland.....	Zloty (O)	1.00
Antigua.....	Dollar	5.08	Guinea Bissau.....	Peso	33.5199	Portugal.....	Escudo	11.20
Argentina.....	Argentine Peso	1940.50	Guinea Republic.....	Leone	12,050	Romania.....	Leu	1.00
Australia.....	Australian \$	0.8430	Guyana.....	Guyanese \$	3,562	Saudi Arabia.....	Riyal	0.0200
Austria.....	Schilling	19.360	Haiti.....	Gourde	6.00	Senegal.....	CFA Franc	1.00
Azores.....	Portug. Escudo	60.40	Honduras Repub.....	Lempira	9.00	Seychelles.....	Rupia	0.0001
Bahamas.....	Bahamian \$	1.00	Hong Kong.....	Dollar	0.0015	Singapore.....	Singapore \$	0.678
Bahrain.....	Dinar	3,779	Hungary.....	Forint (O)	62.26	Spain.....	Peseta	6,078
Balearic Isles.....	Spanish Peseta	74,456	Iceland.....	I. Krona	825.10	Switzerland.....	Franc	0.4253
Bangladesh.....	Taka	14.56	India.....	Ind. Rupee	7.27	Taiwan.....	New Taiwan (O)	0.20
Barbados.....	Dollar	2.01	Indonesia.....	Rupiah	626.00	Tanzania.....	Tan Shilling	0.350
Belgium.....	B. Franc (O)	39.27	Iran.....	Rial	10.00	Thailand.....	Baht	0.020
Belize.....	Belize \$	1.00	Iraq.....	Iraqi Dinar	0.0007	Togo.....	CFA Franc	0.50
Benin.....	C.F.A. Franc	811.435	Israel.....	Israeli Nuri	0.0007	Tonga Islands.....	Pa'anga	0.50
Bermuda.....	Dollar	0.66	Italy.....	Lira	867.10	Trinidad & Tob.....	T. Dollar	0.80
Bhutan.....	Indian Rupee	7.72	Japan.....	Yen	867.10	Tunisia.....	Dinar	0.0085
Bolivia.....	Bolivian Peso	6.00	Jamaica.....	Jamaican Dollar	1,755	Turkey.....	Lira	80.00
Bonaire.....	Dutch Guilder	1.00	Jordan.....	Jordan Dinar	0.896	U.S.S.R.....	Ruble	1.00
Brazil.....	Cruzado	58.68	Kampuchea.....	Riel	n.a.	Uganda.....	Shilling	0.0496
British Virgin Isles.....	U.S. \$	1.00	Kenya.....	Kenya Shilling	0.039	United Arab Emir.....	U.A.E. Dirham	0.3602
Brunei.....	Brunei \$	0.802	Korea (N.).....	Won	622.10	United Kingdom.....	£ Sterling	0.4942
Bulgaria.....	Lev	0.879	Kuwait.....	Kuwait Dinar	0.2976	Upper Volta.....	CFA Franc	0.50
Burkina Faso.....	CFA Franc	7,271	Laos.....	Kip of Lib.	15.00	Uruguay.....	Urug. Peso	9.56
Burundi.....	Burundi Franc	90.00	Lebanon.....	Lebanese Pound	0.7506	U.S.S.R.....	Rouble	0.044
Cambodia.....	C.F.A. Franc	811.436	Libania.....	Lib. Pound	0.7506	Venezuela.....	Bolivar	0.666
Canada.....	Canadian \$	1.069	Liberia.....	Liberian \$	1.00	Vietnam N.....	Dong	0.020
Cape Verde Isles.....	Cape V. Escudo	50.51	Luxembourg.....	Swiss Franc	1.654	Virgin Islands U.S.....	Dollar	1.00
Cayman Islands.....	Cay. I. \$	0.866	Macau.....	Pataca	6.305	Western Samoa.....	Samoa Tolo	0.8795
Congo.....	Congolese Franc	25.00	Madagascar D. R.....	MG Congo	211.45	Yemen.....	Rial	4.57
Congo (K.).....	C.F.A. Franc	811.435	Malawi.....	Kwacha	0.8016	Yugoslavia.....	New Y. Dinar	38.14
Congo (Z.).....	C.F.A. Franc	811.435	Malaysia.....	Ringgit	0.119	Zaire Republic.....	Zaire Zaire	0.8277
Costa Rica.....	Colon	8.27	Maldives.....	Rufiyaa	0.0001	Zambia.....	Kwacha	0.066
Cote d'Ivoire.....	C.F.A. Franc	811.435	Mali.....	Franc	428.58	Zimbabwe.....	Zim \$	0.0027
Croatia.....	Croatian Dinar	21.66	Malta.....	Maltese Pound	0.4285			
Cuba.....	Cuban Peso	0.20	Mauritania.....	Ouguiya	42.886			
Cyprus.....	Cyprus Pound	0.5013	Mauritius.....	Rupia	1.00			
Czechoslovakia.....	Koruna (O)	6.50	Mexico.....	Mexican Peso	33.07			
Dem. Rep. Congo.....	C.F.A. Franc	811.435	Miquelon.....	French Franc	4,288			
Dominican Repub.....	Comin'can Peso	1.00	Mongolia.....	Tugrik (O)	3,355			
Dominican Repub.....	Comin'can Peso	1.00	Montserrat.....	E. Caribbean \$	2,709			
Dominican Repub.....	Comin'can Peso	1.00	Mozambique.....	Moz. Escudo	96.416			
Dominican Repub.....	Comin'can Peso	1.00	Namibia.....	Rand	0.7506			
Dominican Repub.....	Comin'can Peso	1.00	Nauru I.....	Aust. \$	0.8433			
Dominican Repub.....	Comin'can Peso	1.00	Nepal.....	Nepalese Rupee	1.00			
Dominican Repub.....	Comin'can Peso	1.00	Netherlands.....	Dutch Guilder	1.988			
Dominican Repub.....	Comin'can Peso	1.00	Netherlands.....	N	1.0157			
Dominican Repub.....	Comin'can Peso	1.00	New Zealand.....	Dollar	1.00			
Dominican Repub.....	Comin'can Peso	1.00	Nicaragua.....	Corдобa	0.0043			
Dominican Repub.....	Comin'can Peso	1.00	Niger Republic.....	C.F. Franc	21.486			
Dominican Repub.....	Comin'can Peso	1.00	Norway.....	Norw. \$ Krona	4,888			
Dominican Repub.....	Comin'can Peso	1.00	Oman,Sultanat of	Rial Dmani	0.3466			
Dominican Repub.....	Comin'can Peso	1.00	Pakistan.....	Pkst. Rupee	2.21			
Dominican Repub.....	Comin'can Peso	1.00	Pakistan.....	Rupee	1.00			
Dominican Repub.....	Comin'can Peso	1.00						

n.a. Not available. * U.S. dollars per National Currency unit. (D) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries;
(4) New Hebrides independence 30/7/80 now named Vanuatu.



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WORLD STOCK MARKETS

Heavy early Wall St. demand

IN VERY heavy early trading yesterday, Wall Street surged further ahead before profit-taking trimmed the advance.

The morning's action prompted market technicians to predict that the Dow Jones Industrial Average would soon make a run on the 1,000 level. This Blue Chip index, which last closed over 1,000 on December 31, 1979, hit 982 yesterday morning, better than any close since January 10, 1977, and easily broke the 1,000 mark for a fresh net rise of 4.85.

The NYSE All Common index of 477.99 set a new record peak of 477.99 at 10.00 a.m. After an initial three-one advance, rises led declines at mid-session in the ratio of four-to-three. Turnover was sharply up to 45.34m shares from Wednesday's 1.00 pm figure of 31.64m.

Analysts attributed much of the market strength to a growing belief that interest rates have peaked.

Additionally, Wall Street expects that the economic recovery will prove sluggish, which would not place an undue burden on interest rates, said Monie Gordon, of Dreyfus Corporation.

Treasury Secretary G. William Miller yesterday morning said it probable the Prime Rate will come down shortly.

The market has also been encouraged by better-than-expected third-quarter corporate profits.

Standard Oil (Ohio) gained 11 to 71.13, Sun 21 to 56.61, Getty Oil 21 to 59.71 and Exxon 31 to 58.01.

Volume leader Westinghouse Electric added 1 to 53.51 and teleprompter surged 1 to 54.91. Westinghouse has proposed to buy Teleprompter for \$33 a share or \$646m.

THE AMERICAN SE Market Value Index jumped 4.03 to 580.1.

Closing prices for North America were not available for this edition.

reced 365.19 at 1 p.m. Volume swelled to 10.25m shares from the previous day's 1 p.m. level of 4.91m.

Canada

There was another buoyant performance on the Toronto Composite Index shot ahead 37.5 to 2,374.4 at midday, while Oil and Gas rose 16.3 to 5,027.5.

Domestic Petroleum rose 3 to 35.81, Hudson's Bay 31 to 35.81, Canada's CNA 34 to 35.81 and CNA 34 to 35.81.

Australia

Markets rebounded sharply, recouping a good deal of the losses suffered in the previous session. Strong buying which took its cue from London, which favours the chances of being returned to office tomorrow's general election, lifted the market.

The Sydney All Ordinaries index rallied 16.25 to 972.52, the Metals and Minerals index 16.74 to 4,897.55 and the Industrials group 8.69 to 715.55.

The outstanding feature was the jump in shares of companies associated with the Greenhouse. Greenhouse traded as high as \$15.20 before ending \$8.90 up on the day at \$15.20. Its major shareholder, Vantage, closed at \$15.20, after sales up to \$15.20.

Uranium and Oil Shares picked up sharply after Wednesday's weak showing. Pancon tinet rising 60 cents to \$17.60, Queensland Mines 40 cents to \$15.80 and Southern Pacific Petroleum 23 cents to \$15.80.

Among Oil and Gas issues, Vantage put on 40 cents to \$15.20.

Japan

Stock prices continued to rise strongly yesterday in extremely heavy trading, taking the Hang Seng index, after Wednesday's advance of 39 points, ahead 26.04 to 1,430.04. This is the highest point for the index since closing at 1,449.91 on February 9, 1979. Turnover on the four exchanges further swelled to HK\$743.13m from the previous day's HK\$681.15m.

Jardine Matheson, on strong rumours of an impending bid from Cheung Kong, forged ahead HK\$150 to HK\$220, while Cheung Kong managed a 25 cents gain to HK\$30.75.

Jardine 7.5 per cent Loan rose HK\$6 to HK\$152, while Jardine Securities put on 30 cents to HK\$16.30.

Properties and some Utilities received a good deal of buying attention, with China Light moving ahead HK\$120 to HK\$240, HK Telephone 50 cents to HK\$200, HK Land 40 cents to HK\$200, HK Water HK\$20 to HK\$113 and Sun Hung Kai Properties 50 cents to HK\$18.40.

Germany

Helped by the Bundesbank's decision to put more liquidity into the domestic economy, shares generally firmed in the Frankfurt market after the recent weak performance.

On the Domestic Bond market, Public Authority Loans registered gains of up to 15 pfennigs, while the Bundesbank sold a net DM 3.1m of paper, after sales of DM 4.1m on Wednesday. Mark Eurobonds were steady.

Paris

Bourse prices were mixed with a slight majority of gains after a moderate session.

Traders commented that sentiment would have been better if it was not for the poor French labour figures, released on Wednesday.

Portfolios, Mechanicals, Stores and Oils were generally favoured, but Constructions, Metals, Chemicals and Transportation issues mainly lost ground.

Johannesburg

Gold shares closed mixed to easier after another quiet session. The Gencor group of mining companies, however, were mostly firmer, with quarterly results, but Gencor itself eased 25 cents to R25.50.

CANADA

Stock

Oct 15

Oct 16

Oct 17

Oct 18

Oct 19

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Oct 26

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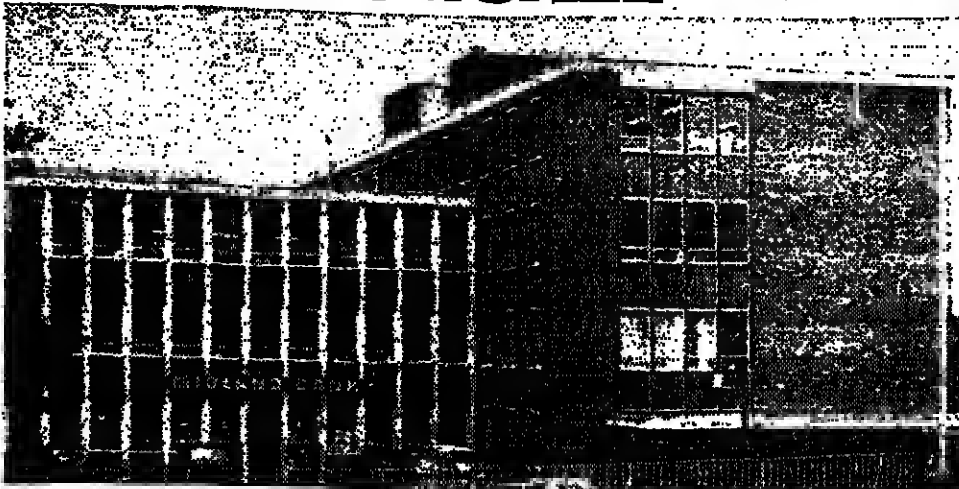
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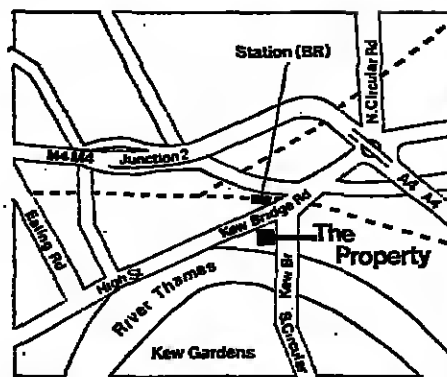
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98.0	97.5	Equity 12/1986	97.5	-0.5	13.04
97.5	97.0	Equity 12/1986	97.0	-0.5	13.04
97.0	96.5	Equity 12/1986	96.5	-0.5	13.04
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96.0	95.5	Equity 12/1986	95.5	-0.5	13.04
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61.5	61.0	Equity 12/1986	61.0	-0.5	13.04
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58.5	58.0	Equity 12/1986	58.0	-0.5	13.04
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55.0	54.5	Equity 12/1986	54.5	-0.5	13.04
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52.0	51.5	Equity 12/1986	51.5	-0.5	13.04
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50.0	49.5	Equity 12/1986	49.5	-0.5	13.04
49.5	49.0	Equity 12/1986	49.0	-0.5	13.04
49.0	48.5	Equity 12/1986	48.5	-0.5	13.04
48.5	48.0	Equity 12/1986	48.0	-0.5	13.04
48.0	47.5	Equity 12/1986	47.5	-0.5	13.04
47.5	47.0	Equity 12/1986	47.0	-0.5	13.04
47.0	46.5	Equity 12/1986	46.5	-0.5	13.04
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42.5	42.0	Equity 12/1986	42.0	-0.5	13.04
42.0	41.5	Equity 12/1986	41.5	-0.5	13.04
41.5	41.0	Equity 12/1986	41.0	-0.5	13.04
41.0	40.5	Equity 12/1986	40.5	-0.5	13.04
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36.0	35.5	Equity 12/1986	35.5	-0.5	13.04
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35.0	34.5	Equity 12/1986	34.5	-0.5	13.04
34.5	34.0	Equity 12/1986	34.0	-0.5	13.04
34.0	33.5	Equity 12/1986	33.5	-0.5	13.04
33.5	33.0	Equity 12/1986	33.0	-0.5	13.04
33.0	32.5	Equity 12/1986	32.5	-0.5	13.04
32.5	32.0	Equity 12/1986	32.0	-0.5	13.04
32.0	31.5	Equity 12/1986	31.5	-0.5	13.04
31.5	31.0	Equity 12/1986	31.0	-0.5	13.04
31.0	30.5	Equity 12/1986	30.5	-0.5	13.04
30.5	30.0	Equity 12/1986	30.0	-0.5	13.04
30.0	29.5	Equity 12/1986	29.5	-0.5	13.04
29.5	29.0	Equity 12/1986	29.0	-0.5	13.04
29.0	28.5	Equity 12/1986	28.5	-0.5	13.04
28.5	28.0	Equity 12/1986	28.0	-0.5	13.04
28.0	27.5	Equity 12/1986	27.5	-0.5	13.04
27.5	27.0	Equity 12/1986	27.0	-0.5	13.04
27.0	26.5	Equity 12/1986	26.5	-0.5	13.04
26.5	26.0	Equity 12/1986	26.0	-0.5	13.04
26.0	25.5	Equity 12/1986	25.5	-0.5	13.04
25.5	25.0	Equity 12/1986	25.0	-0.5	13.04
25.0	24.5	Equity 12/1986	24.5	-0.5	13.04
24.5	24.0	Equity 12/1986	24.0	-0.5	13.04
24.0	23.5	Equity 12/1986	23.5	-0.5	13.04
23.5	23.0	Equity 12/1986	23.0	-0.5	13.04
23.0	22.5	Equity 12/1986	22.5	-0.5	13.04
22.5	22.0	Equity 12/1986	22.0	-0.5	13.04
22.0	21.5	Equity 12/1986	21.5	-0.5	13.04
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21.0	20.5	Equity 12/1986	20.5	-0.5	13.04
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20.0	19.5	Equity 12/1986	19.5	-0.5	13.04
19.5	19.0	Equity 12/1986	19.0	-0.5	13.04
19.0	18.5	Equity 12/1986	18.5	-0.5	13.04
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13.0	12.5	Equity 12/1986	12.5	-0.5	13.04
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12.0	11.5	Equity 12/1986	11.5	-0.5	13.04
11.5	11.0	Equity 12/1986	11.0	-0.5	13.04
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10.0	9.5	Equity 12/1986	9.5	-0.5	13.04
9.5	9.0	Equity 12/1986	9.0	-0.5	13.04
9.0	8.5	Equity 12/1986	8.5	-0.5	13.04
8.5	8.0	Equity 12/1986	8.0	-0.5	13.04

FINANCE, LAND—Continued

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OIL IMPORT CUTS MAY BE IMPOSED

EEC plans new loan facility

BY JOHN WYLES IN BRUSSELS

PLANS FOR a revised multi-billion dollar EEC loan facility, under which borrowers could be forced to cut oil imports, will be discussed by Community finance ministers in Luxembourg next Monday.

Responding to a request from the Nine last June for proposals for recycling OPEC oil surpluses, the EEC Monetary Committee has produced a confidential report which suggests novel conditions for loans from an "oil facility" of between \$6bn and \$10bn. The loans would be raised by the Community at the relatively preferential rates available to it, and passed on to the member states with oil price-induced balance of payments problems.

In proposing to re-model this oil facility, which was adopted in 1974, the committee, composed of the Nine's central

banks and treasuries, appears to have taken a leaf out of the IMF's book on "conditionality". But it urges member-states to borrow from the facility before their balance of payments problems have become so severe as a result of oil price increases that stiff conditions need to be attached to any loans.

Borrowing well in advance of any possible crisis would involve agreement with the Community on broad budgetary objectives. But the 14-page report suggests that if a borrowing country's balance of payments difficulties became critical, then tougher measures would be demanded.

These would include economic restructuring to reduce excessive dependence on oil imports and budgetary reforms which might have to meet specified fiscal targets. These would be imposed by the Council of Ministers and based on proposals from the European Commission.

It is almost unprecedented for the EEC to consider loan conditions extending beyond economic policy considerations into other fields—in this case, energy. But the aim is to give genuine purpose to the original scheme, from which Ireland and Italy borrowed \$1.3bn in 1975 to help them cope with payments difficulties.

In both cases only mild economic policy conditions were attached to the loans. The main concern of the scheme's architects was to ensure adequate supervision to guard against a surprise default on repayments by borrowing member-states.

Other issues raised by the report include:

- The eventual possibility of denominating loans in European currency units. The general conclusion is that the time for this is not yet ripe.
- Making loans available to non-EEC members. The broad conclusion was that this was unlikely because it might cut across the necessary development of broader recycling roles for the IMF and the World Bank.

The previous facility had a loan ceiling of \$3bn and the committee was divided as to how much this should be raised, although the indications were that they would agree to between \$6bn and \$10bn.

The 1975 loans were raised in the international money markets because the Community failed to persuade Middle East oil producers to lend it money directly. The report suggests that fresh efforts ought to be made to obtain direct loans as a first priority.

BSC wins £5.8m North Sea pipe order

By Ray Dafter, Energy Editor

BRITISH STEEL Corporation has made a breakthrough with a £5.8m order for a North Sea pipeline. It could pave the way for BSC to win the main pipeline order for the proposed £1.1bn gas gathering network.

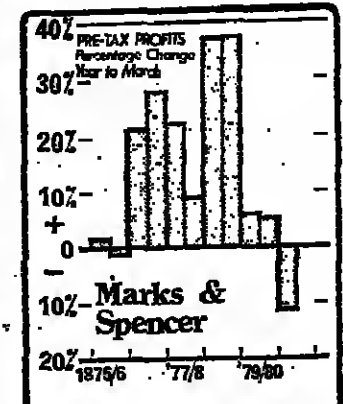
British Petroleum has ordered 45 miles of 24-inch diameter pipeline as part of a scheme to boost production in its West Sole gasfield in the southern sector of the North Sea.

The line will be the first high-grade, arc-welded steel pipe of large diameter to be produced by BSC for use in the North Sea.

THE LEX COLUMN

M & S gets off the rack

Index fell 5.1 to 480.4



thing in the region of £15m for the year. To keep things in perspective, the dividend (with associated ACT) costs over £12m.

On a current cost basis Debenhams will still be producing a very poor return — it is to its credit that it has published interim CCA figures which show a loss per share of 2.5p. But what really matters at the moment is not just the rather confusing numbers but the direction in which Debenhams is moving and the momentum of recovery that it can build up. At 80p, down 2p yesterday and yielding 11.7 per cent, the shares may still be a little ahead of the game.

Wall Street

The rally on Wall Street took the Dow Jones Industrial Average above its September peaks at one point yesterday morning: the more broadly based Standard and Poors Industrial Index has now picked up more than a third since April. Remarkably, equities were able to sail almost untouched through a rise of more than four percentage points in short-term interest rates between the spring and the beginning of this month. And a firmer trend in the bond market recently has helped to make a yield gap of roughly 7 points look a bit less daunting.

Recent features have been big rises in oil shares, fuelled by the Middle East conflict, and a sharp increase in the level of speculative activity. Perhaps for this reason, there is talk of a reaction in share prices after the election, whoever wins. But on balance the mood is bullish. There have been clear signs that after their terrible battering in the bond market, the institutions are coming back to equities. In the first half of the year, for instance, the pension funds put three-fifths of their new money into shares, double the proportion in 1978.

The major uncertainty now is whether the current economic recovery can be sustained, and at what cost. September's industrial production figures, published yesterday, confirm that output stabilised in the third quarter. But it is doubtful whether at current interest rates industry can get up enough steam to support a vigorous cyclical recovery. And while the main monetary aggregates remain around the top of the target range set by the Federal Reserve Board, there can be no relaxation in the authorities' restrictive stance.

Freeze on regional grants to continue

By John Elliott, Industrial Editor

THE GOVERNMENT has decided not to lift its four-month moratorium on the payment of regional development grants in the near future, although this would ease the corporate liquidity problems of many companies in the assisted areas.

The decision follows a Government spending review, during which another proposal to extend the moratorium from four months to about six months was also rejected.

But there is growing Government concern about the effects of the recession on the private sector. As a result it was decided at a meeting of Ministers in Downing Street on Tuesday that preparations should be made to help small businesses.

Tax concessions for investors in small companies is one of the possibilities being considered before next year's Budget. Another is a bank loan guarantee scheme that might be introduced when the Government considers the climate has improved for bank lending.

The Confederation of British Industry has been urging Ministers for some months to lift the regional grant moratorium. The confederation has been hoping that this might happen this month, despite being told in August by Sir Keith Joseph, Industry Secretary, that such a move was not then possible.

The moratorium was introduced in June last year to provide £143m towards public spending cuts. As a result all regional development grants, which provide companies with between 15 and 22 per cent of the capital cost of their projects in assisted areas, are frozen for four months once they have been approved.

Ministers now acknowledge that the effects of the recession on liquidity make it desirable to cancel the moratorium, but Sir Keith and his colleagues are not prepared to propose such a move because of its effect on public spending.

They recently revived an earlier idea that the period should be extended to six months. This was abandoned because of the opposition it would have aroused in industry.

Japanese car exporters to meet European rivals

BY CHARLES SMITH IN TOKYO AND JOHN GRIFFITHS IN LONDON

THE Japan Automobile Manufacturers Association (JAMA) yesterday said that it was willing to attend a meeting with the Committee of Common Market Automobile Constructors to discuss problems arising out of Japan's rapid penetration of the European market.

JAMA said it would prefer to hold the meeting in Tokyo, and that it should take place as soon as possible. It was responding to a proposal understood to have been made by the European side in the past few days.

Contacts between the Japanese and European motor industries have so far been limited to the twice-yearly meetings between JAMA and the British Society of Motor Manufacturers and Traders (BSMMT) and to individual company contacts such as those between Honda and BL.

There have been no regular contacts between the Japanese industry and the European car makers, although engineers from Volkswagen and Renault have recently been paying regular visits to Japanese motor factories.

The European proposal is believed to be for a meeting between top Japanese motor executives and the heads of the largest "indigenous" European manufacturers — including

Volkswagen, Renault, Peugeot, Fiat, Alfa Romeo and BL.

The Committee apparently sees one of the purposes of such a meeting as being to discuss ways to restrain Japanese market penetration and to ease the entry of European cars into the Japanese market.

In a letter to the European Commission, three months ago, calling for an urgent investigation into increasing Japanese imports, the Committee issued figures showing that imports to the EEC were running 23 per cent higher in the first half of this year compared with 1979. In West Germany the Japanese share had doubled to about nearly 13 per cent.

Against this, European penetration of the Japanese market has been minimal—well under 1 per cent.

The European Parliament's External Trade Committee warned three weeks ago that Japanese imports would be mainly responsible for the loss of 560,000 jobs in the automotive sector if they continued to rise unchecked.

The Japanese may hope to use the meeting to remove what is believed to be serious misconceptions in Europe about conditions in the Japanese motor industry. These include, for example, the idea that Japanese motor manufacturers

have a substantial wage advantage over the European industry.

Japanese exports are subject to various types of restraint in the UK, French and Italian markets and may soon have to be restrained in the West German market. In the Benelux countries, Japanese car exports are still "free," but this is not welcomed by European motor manufacturers who have seen their market shares eroded by Japan.

The proposal for a JAMA-BSMMT summit was made to Mr. Takashi Ishihara, JAMA's chairman, by Mr. Umberto Agnelli, the Committee's president. JAMA said it had studied the proposal carefully before agreeing to hold the meeting.

Mrs. Margaret Thatcher, the Prime Minister, acknowledged the British industry's concern over Japanese imports at the BSMMT Motor Show banquet in Birmingham last night.

But at the end of a week which Japanese car sales have gone above the 11 per cent market share which the British industry says is the "prudent level" described in the JAMA-BSMMT agreement, she gave no firm clues as to the government's likely course of action if sales were to expand further.

Ford's tough line, Page 12; Motor Show, Page 14

Fiat strike compromise given mixed reception by workers

BY RUPERT CORNWELL IN ROME

WORKERS AT the Fiat motor company last night appeared divided over whether to accept an outline compromise to end the five-week strike which has brought the car group to a standstill.

Meetings of early shift workers yesterday appeared to endorse the deal, under which Fiat has dropped its initial demand to make 14,400 men redundant in return for union acceptance for more mobility and the placing of almost 23,000 workers on state-subsidised layoffs.

But disappointed militants heckled and jeered national union leaders who addressed factory gate meetings yesterday in Turin. They were explaining

the compromise reached in Rome at dawn on Wednesday, under the auspices of Sig. Franco Foschi, the Labour Minister.

The deal was later rejected by afternoon shift workers at the important Lingotto works near Turin. Final ratification will not come before today at the earliest, according to union officials.

The most violent abuse was directed at Sig. Piero Carniti, head of the Christian Democratic CISL union, who was attacked after his Turin speech. He was hustled to a car, and a group of hard-liners pelted the vehicle with stones as it drove off.

The mixed reception for the deal indicates the consequences

that the strike will have on the unions.

The hard line taken against the Fiat management by the Communist Party forced the union leadership to adopt a tougher stance than it probably would have liked—and certainly too tough for the "silent majority" of car workers.

Tuesday's march through Turin by moderate workers supporting a return to work probably tipped the scales.

The workers have lost £60bn (£28m) in pay during the strike and their reaction to the deal has left Sig. Carniti and his union colleagues feeling the effects of a loss of contact between the union leadership and the shop floor rank and file.

Brazilian iron ore project approved

BY KENNETH MARSTON, MINING EDITOR

BRAZILIAN Government approval has been given for a \$2.5bn (£1.04bn) iron ore project in the Carajas region of Brazil's northern state of Para.

This is the first step in a mineral development plan costing some \$30bn to transform the jungle region into a major world mining site for iron, copper, aluminium, manganese, tin and gold.

The iron ore project, authorised by President Joao Figueiredo, is to be carried out by the state-owned Companhia Vale do Rio Doce (CVRD). It is planned to produce 35m tonnes of iron ore annually for export by 1985.

CVRD will provide 40 per cent of the financing and the rest will come from national banks and foreign loans, according to Sr. Cesar Cals, the Mines and Energy Minister. He did not announce any foreign participation, but Japanese, U.S. and other mining groups have toured the region.

The Minister said his President had called for non-inflationary means of developing the Carajas region. According to

government estimates total production of the region could be worth \$10bn a year when all the potential mining ventures are in operation.

Sr. Cals put the mineral reserves of the eastern Amazon region at: iron ore, 18bn tonnes; copper, 1bn tonnes; bauxite (the source of aluminium), 4.7bn tonnes; nickel, 135m tonnes; manganese, 60m tonnes; tin 35m tonnes. It is not yet clear, however, whether eventual mining production can come anywhere near these figures.

World mining majors are fascinated by Brazil's mineral possibilities, and a good deal of preliminary investigation has been carried out.

Gold has already come into the picture with a major find now said to be under development. Last year, Brazilian gold production rose to 26 tonnes from 22 tonnes in 1978, making the country the fourth largest non-Communist producer after South Africa, Canada and the U.S.

Brazil's economy, Page 5; Mining news, page 25

Weather

UK TODAY

CLOUDY, showers, some sunny intervals. Generally cold.

London, East and South England, Channel Isles
Cloudy, heavy rain at times. Max. 11C (52F).

Wales, Isle of Man, N.W. England, S. Scotland
Rain at first, sunny periods developing. Max. 10C (50F).

Rest of Scotland, N. Ireland
Strong winds, some heavy rain, little sun. Max. 9C (48F).

Outlook: Cold, wet in east, brighter in west. Snow on northern hills.

WORLDWIDE

	Today	Tomorrow		Today	Tomorrow
	midday	midday		midday	midday
	°C	°F		°C	°F
Algeria	F 29	84	Uzbek	C 16	61
Angola	F 31	88	Yemen	C 20	68
Argentina	F 22	72	London	C 11	52
Australia	C 24	75	Luxemburg	C 13	55
Austria	C 24	75	Moscow	C 10	50
Bahamas	F 31	88	Nairobi	C 20	68
Bahrain	F 31	88	Madrid	C 12	54
Barbados	C 22	72	Majorca	C 24	75
Belize	C 26	79	Malaga	C 18	64
Bermuda	C 26	79	Malta	C 28	79
Bhutan	C 8	46	Mexico	C 28	80
Bolivia	C 23	73	Monterrey	C 18	64
Brazil	C 12	54	Munich	C 18	64
Bulgaria	C 11	53	Minsk	C 12	54
Cameroon	C 24	75	Moscow	C 10	50
Canada	C 11	53	Moscow	C 10	50
Cape Verde	C 17	63	Moscow	C 10	50
Cayman	C 17	63	Moscow	C 10	50
Cuba	C 17	63	Moscow	C 10	50
Cyprus	C 21	70	Moscow	C 10	50
Czech	C 17	63	Moscow	C 10	50
Denmark	C 17	63	Moscow	C 10	50
Dominican	C 21	70	Moscow	C 10	50
DRC	C 17	63	Moscow	C 10	50
Ecuador	C 17	63	Moscow	C 10	50
El Salvador	C 21	70	Moscow	C 10	50
Equatorial	C 17	63	Moscow	C 10	50
Ethiopia	C 17	63	Moscow	C 10	50
Fiji	C 21	70	Moscow	C 10	50
Finland	C 17	63	Moscow	C 10	50
France	C 17	63	Moscow	C 10	50
Germany	C 17	63	Moscow	C 10	50
Ghana	C 21	70	Moscow	C 10	50
Gibraltar	C 17	63	Moscow	C 10	50
Greece	C 17	63	Moscow	C 10	50
Guatemala	C 21	70	Moscow	C 10	50
Haiti	C 21	70	Moscow	C 10	50
Honduras	C 21	70	Moscow	C 10	50
Hungary	C 17	63	Moscow	C 10	50
Iceland	C 17	63	Moscow	C 10	50
Ireland	C 17	63	Moscow	C 10	50
Israel	C 21	70	Moscow	C 10	50
Italy	C 17	63	Moscow	C 10	50
Jamaica	C 21	70	Moscow	C 10	50
Japan	C 21	70	Moscow	C 10	50
Jordan	C 21	70	Moscow	C 10	50
Kazakhstan	C 17	63	Moscow	C 10	50
Kenya	C 21	70	Moscow	C 10	50
Korea	C 21	70	Moscow	C 10	50
Kuwait	C 21	70	Moscow	C 10	50
Laos	C 21	70	Moscow	C 10	50
Lebanon	C 21	70	Moscow	C 10	50
Libya	C 21	70	Moscow	C 10	50
Lithuania	C 17	63	Moscow	C 10	50
Luxembourg	C 13	55	Moscow	C 10	50
Madagascar	C 21	70	Moscow	C 10	50
Malawi	C 21	70	Moscow	C 10	50
Malaysia	C 21	70	Moscow	C 10	50
Maldives	C 21	70	Moscow	C 10	50
Mali	C 21	70	Moscow	C 10	50
Malta	C 28	80	Moscow	C 10	50
Mauritania	C 21	70	Moscow	C 10	50
Mauritius	C 21	70	Moscow	C 10	50
Mexico	C 28	80	Moscow	C 10	50
Moldavia	C 17	63	Moscow	C 10	50
Mongolia	C 17	63	Moscow	C 10	50
Montenegro	C 17	63	Moscow	C 10	50
Morocco	C 21	70	Moscow	C 10	50
Mozambique	C 21	70	Moscow	C 10	50
Nicaragua	C 21	70	Moscow	C 10	50
Netherlands	C 17	63	Moscow	C 10	50
Nepal	C 21	70	Moscow	C 10	50
Niger	C 21	70	Moscow	C 10	50
Nigeria	C 21	70	Moscow	C 10	50
North Korea	C 21	70	Moscow	C 10	50
Oman	C 21	70	Moscow	C 10	50
Pakistan	C 21	70	Moscow	C 10	50
Panama	C 21	70	Moscow	C 10	50
Paraguay	C 21	70	Moscow	C 10	50
Peru	C 21	70	Moscow	C 10	50
Philippines	C 21	70	Moscow	C 10	50
Poland	C 17	63	Moscow	C 10	50
Portugal	C 21	70	Moscow	C 10	50
Romania	C 17	63	Moscow	C 10	50
Russia	C 17	63	Moscow	C 10	50
Rwanda	C 21	70	Moscow	C 10	50
Saudi Arabia	C 21	70	Moscow	C 10	50
Senegal	C 21	70	Moscow	C 10	50
Sierra Leone	C 21	70	Moscow	C 10	50
Singapore	C 21	70	Moscow	C 10	50
Slovakia	C 17	63	Moscow	C 10	50
Slovenia	C 17	63	Moscow	C 10	50
South Africa	C 21	70	Moscow	C 10	50
South Korea	C 21	70	Moscow	C 10	50
Spain	C 17	63	Moscow	C 10	50
Sri Lanka	C 21	70	Moscow	C 10	50
Sweden	C 17	63	Moscow	C 10	50
Switzerland	C 17	63	Moscow	C 10	50
Taiwan	C 21	70	Moscow	C 10	50
Tanzania	C 21	70	Moscow	C 10	50
Togo	C 21	70	Moscow	C 10	50
Tonga	C 21	70	Moscow	C 10	50
Trinidad	C 21	70	Moscow	C 10	50
Tunisia	C 21	70	Moscow	C 10	50
Turkey	C 21	70	Moscow	C 10	50
Uganda	C 21	70	Moscow	C 10	50
Ukraine	C 17	63	Moscow	C 10	50
United Kingdom	C 11	52	Moscow	C 10	50
USA	C 17	63	Moscow	C 10	50
Uruguay	C 21	70	Moscow	C 10	50
Uzbekistan	C 18	64	Moscow	C 10	50
Venezuela	C 21	70	Moscow	C 10	50
Vietnam	C 21	70	Moscow	C 10	50
Yemen	C 20	68	Moscow	C 10	50
Zambia	C 21	70	Moscow	C 10	50
Zimbabwe	C 21	70	Moscow	C 10	50